



THE ANNALIST

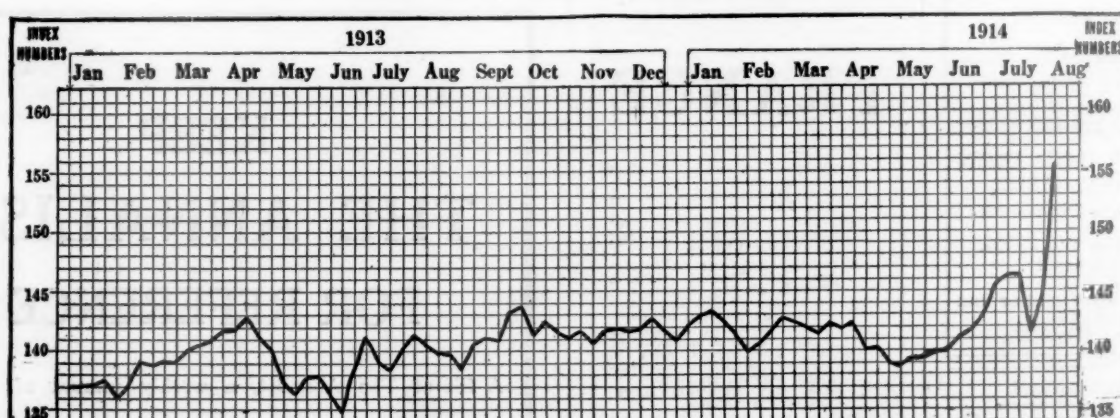
A Magazine of Finance, Commerce and Economics

Vol. 4, No. 83

NEW YORK, MONDAY, AUGUST 17, 1914

Ten Cents

War's Effect on Cost of Living



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\$10—5% Bonds
\$100—5%-7% Bonds
\$100—7% Bond Shares

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LETTERS OF CREDIT

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FRANCE

FRANCE:—

Army:—

Artillery:—New method of shell
 fire invented by Command-
 ant Malandierin, April 12,
 IV, 230.

England, Relations with, see
 GEORGE V., King of England;
 QUADRUPLE ALLIANCE.

Germany, Relations with:—Ar-
 rest of Clement Bayard,
 French airship constructor,
 on charge of espionage, con-
 sidered as revenge for cap-
 ture of Zeppelin airship by
 French army; members of
 both Parliaments meet in
 Switzerland to improve rela-
 tions, May 31, III, 3:2.

See also ALSACE-LORRAINE;
 QUADRUPLE ALLIANCE.

Russia, Relations with:—Special
 article by Alexander Konta
 showing France's interest in
 trial mobilization of Russian
 army, Apr. 12, VI, 9:1.
 See also QUADRUPLE ALLIANCE.

The above is a repro-
 duction of a few of the
 items which, under the
 head of FRANCE, fill
 nearly three columns in
 the last volume of THE
 NEW YORK TIMES
 INDEX, which is an en-
 cyclopedia of events re-
 ported in The New York
 Times. A guide to all
 metropolitan newspa-
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THE NEW YORK
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THE ANNALIST

Times Square.

DIVIDENDS DECLARED

OFFICE OF
AMERICAN SMELTING & REFINING CO.
 165 Broadway, New York City, Aug. 5, 1914.
 QUARTERLY COM. STOCK DIVIDEND NO. 44.
 The Directors of the American Smelting
 and Refining Company have this day de-
 clared a dividend of one per cent. on the
 Common Capital Stock of the Company, pay-
 able September 15, 1914, to stockholders of
 record August 28, 1914. The books of the
 Company for the transfer of Common Stock
 will be closed at 3 o'clock P. M. on August
 28, 1914, and will be reopened September 8,
 1914.
 W. E. MERRISS,
 Secretary.

National Cloak & Suit Company.
 August 11th, 1914.
 A quarterly dividend of one and three-
 quarters per cent. (1 3/4%) on the preferred
 capital stock of this Company has been de-
 clared, payable on September 1, 1914, to
 stockholders of record at the close of busi-
 ness, August 29, 1914. Transfer books will
 not be closed.
 WILLIAM ROSENBAUM, Treasurer.

UNITED CIGAR MANUFACTURERS CO.
 New York, August 7th, 1914.
 A quarterly dividend of one and three-
 quarters (1 3/4%) per cent. will be paid on the
 Preferred Stock of this Company, on Septem-
 ber 1st, 1914, to stockholders of record on
 August 26th, 1914, at 3 P. M.
 SIEGMUND SCHLESINGER, Secretary.

UNITED CIGAR STORES COMPANY
OF AMERICA.
 PREFERRED STOCK DIVIDEND NO. 8.
 A regular quarterly dividend of One Dollar
 and Seventy-five Cents (\$1.75) has this
 day been declared upon each share of Preferred
 Stock issued and outstanding, pay-
 able September 15th, 1914, to stockholders of
 record August 31st, 1914. The Preferred
 Stock Transfer Books will be closed at the
 close of business August 31st, 1914, and will
 remain closed until the opening of business
 September 10th, 1914.
 Dated August 12th, 1914.
 GEORGE WATLEY, Treasurer.

SOUTHWESTERN POWER & LIGHT CO.
 PREFERRED STOCK DIVIDEND.
 The regular quarterly dividend of One and
 Three-quarters Per Cent. (1 3/4%) on the Pre-
 ferred Stock of the Southwestern Power &
 Light Company has been declared, payable
 Sept. 1, 1914, to stockholders of record at the
 close of business Aug. 25, 1914. Transfer
 books do not close.
 M. H. ARNING, Treasurer.

THE ADAMS EXPRESS COMPANY.
 No. 61 Broadway.
 New York, August 13, 1914.
 The Transfer Books of this Company will
 be closed from 3 o'clock P. M. August 17th
 to the morning of September 1st, 1914.
 CALER S. SPENCER, Treasurer.

PORTO-RICAN AMERICAN TOBACCO CO.
 At a meeting of the Board of Directors of
 this Company held on August 7th, 1914, a
 5% scrip dividend, to be known as Series H,
 was declared payable on September 3rd, 1914,
 to Stockholders of Record August 15th, 1914,
 bearing interest at a rate of 5% per annum.
 The Company has the option to redeem said
 scrip in cash or stock of the Company at par
 on or before September 3rd, 1917.
 A. H. NOBLE, Secretary.

THE MAY DEPARTMENT STORES CO.
 15 Broad St., N. Y. City, Aug. 6th, 1914.
 The Board of Directors have this day de-
 clared a dividend of One and One-quarter
 Per Cent. upon the common stock of the
 May Department Stores Company, payable
 Sept. 1st, 1914, to the stockholders of record
 at the close of business on Aug. 29th, 1914.
 Checks will be mailed.
 DAVID MAY, President.

**The J. G. White Management Cor-
 poration.**
 43 Exchange Place.
 New York, N. Y.
 The regular quarterly dividend (Sixth quar-
 ter) of one and three-quarters per cent.
 (1 3/4%) has been declared on the Preferred
 Stock of this Corporation, payable September
 1, 1914, to stockholders of record August 15th,
 1914.
 T. W. MOFFAT, Secretary.

THE CANADIAN PACIFIC RAILWAY
COMPANY

DIVIDEND NO. 73

At a meeting of the Board of Directors held
 today a Dividend of TWO AND ONE-HALF PER
 CENT. on the Common Stock for the quarter ended
 30th June last, being at the rate of seven per
 cent. per annum from revenue and three per cent.
 per annum from Special Income Account, was de-
 clared payable on the 1st October next to Share-
 holders of record at the closing of the books in
 Montreal, New York and London at 3 P. M. on the
 15th October next. All books will be re-opened on
 the 15th October next.

By order of the Board.
 W. B. BAKER, Secretary.
 Montreal, August 10th, 1914.

MINNEAPOLIS, ST. PAUL & SAULT STE.
MARIE RAILWAY CO.

Minneapolis, August 5th, 1914.

DIVIDEND NO. 23.

The Board of Directors have this day
 declared, out of the surplus earnings of the
 calendar year 1913, a semi-annual dividend
 of Three and One-Half Per Cent. (3 1/2%)
 on the Preferred Stock, and a semi-annual
 dividend of Three and One-Half Per Cent.
 (3 1/2%) on the Common Stock; both divi-
 dends will be paid October 15th, 1914, to
 Stockholders of record at 3 P. M., September
 21st, 1914.
 G. W. WEBSTER, Secretary.

THE ANNALIST

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NEW YORK, MONDAY, AUGUST 17, 1914

SLOWLY, but irresistibly, trade and finance are working themselves free of the chains which war imposed upon them a fortnight ago. The world will trade, even though it be at war, and means will be found to finance trade, even though bank acts be suspended and the ordinary interchange of credits be made well-nigh impossible. Trade would be done for trade's sake, even apart from the necessities of those at war, but those necessities add just so much to the certainty that the ocean will continue to carry merchandise, even though that be done at great risk. But that risk, as a matter of fact, has grown less instead of growing greater since the outbreak of war two weeks ago. The world has been waiting for a great naval conflict, which it has been supposed would play a great part in determining the mastery of the seas; but already, before any such conflict has occurred, the channel of trade between this country and Europe has come to be looked upon as reasonably safe, and slowly trade is beginning to move.

AS our oversea trade reawakens, some other problems will decline in importance. It has been felt that great urgency existed for the formulation of plans to meet our indebtedness to Europe, but little will be left of that particular problem so soon as ships take freely to the ocean. It is estimated that our bankers and others have obligations on the other side maturing between now and the end of the year to a total of \$250,000,000, and it was said that all of this would have to be paid in gold. It seemed to be forgotten that gold is only used to settle balances, and no one can be sure that there will be any balance at all against us by the time all of these obligations have run to maturity.

EUROPE needs our wheat much more than it needs our gold, and even if it got our gold now it would doubtless be returning it to us before this frightful struggle had run many months toward its conclusion. All that is immediately necessary is to provide for the relatively small sums falling due on the other side within the next few weeks. The course of trade will probably take care of the rest. This seems clearer now than it did at the outset, when it was less well known that many of the obligations about which our bankers have been worrying will not become due until much later in the year.

THE exchange of credit arranged between this market and Paris seems to be working admirably, and there is good

reason to expect that in due time a similar arrangement will be made with London. Already negotiations are under way with several other countries of Europe looking to the establishment of credits for the purpose of facilitating trade between ourselves and them. The handling of such gold shipments as may have to be made while the larger settlements through trade movements are awaited has been greatly facilitated by the arrangement made by the Bank of England for the deposit of gold with the Canadian Treasury for the account of the English institution. The deposit by our bankers of a relatively small sum of gold there in connection with an exchange of credits between New York and London may prove the easy solution of the whole problem of our paying our obligations in England and of England's paying here for the commodities it will want to buy.

SOME bankers proposed last week that for the purpose of releasing gold for export, resort be had to an amendment to the Bank act which would permit the national banks to count national bank notes as part of their reserves. A bank note is one form of bank liability, and a bank deposit is another form of bank liability, and one could not be used as reserve against the other. Indeed, reserve has to be carried against both notes and deposits, and calling notes reserve would not make them so. If a bank had \$100,000,000 of deposits and held \$25,000,000 in gold as a reserve against them, its reserve would neither be increased nor decreased by its pledging part of its assets to obtain additional bank notes. When it paid out these notes it would reduce its deposit liability, but it would be under as much necessity of keeping a reserve against the notes as it had been of keeping a reserve against deposits.

NO headway was made with the proposal that notes of the national banks be used as reserve. The idea was discountenanced at Washington as soon as it was proposed. The comment of Carter Glass, Chairman of the House Banking and Currency Committee, made it plain that the suggestion would not be entertained by Congress. The country is indebted to Mr. Glass for keeping out of the Federal Reserve act many unsound proposals which the radicals in Congress attempted to write into that measure, and he has again shown his conservatism in respect to banking legislation.

A COUNTRY-WIDE protest went up last week against the rise in prices, particularly of foodstuffs. There may have been some justification for the belief that the rise was in part due to conspiracies among merchants, but sight must not be lost of the fact that a rise in prices is the almost inevitable result of war. Europe is carrying on war on a scale greater than the past has ever seen, and we and all the world must be prepared for the necessary consequences. Efforts made to keep prices within bounds should not be belittled, but neither should the fundamental facts of the situation be ignored. Of the rise in prices themselves there can be no doubt. The Annalist's index number of the prices of foodstuffs rose last week 10.2 points, to a level more than two points above the highest ever before reached. In the wheat market already there has been reaction from the first uprush of prices upon the news of war, and similar reactions may oc-

cur in other commodities, but it cannot reasonably be expected that the general level of prices will escape the effects of the war which is going on in Europe.

ALL the belligerents are spending capital in enormous amount, and they will have to spend, and in this case spending means wasting, unheard sums before the war can be ended. If the war lasts long enough it may well be that it will be carried on without the aid of loans, but at present borrowing will be done on an enormous scale. France has suggested a loan of as much as \$100,000,000 in the United States, but this is but an insignificant item compared with the total that is being spent. If our bankers give this money to France at all, it would probably be advanced on Treasury notes rather than on long-time bonds, and their proceeds will be spent here. The thought has been suggested that rather than lend to Europe we will gain much more by lending to those countries whose markets we will seek to develop, particularly the countries of South America. That suggestion is well worth serious thought.

THE opening of the Panama Canal, to which vessels were admitted on Saturday comes at a peculiarly opportune time. By the extent to which this new waterway shortens the time of passage between our ports and those of other countries it increases the efficiency of all vessels engaged in the trade which can make use of that route. It has the effect of largely increasing the cargo space available within any given period of time, and this is particularly welcome in the period when the shipping of Germany is held in idleness by the exigencies of war. The opening of the Panama Canal should make it possible for us to develop more rapidly the market for our goods in South America, but something more than this is needed to accomplish the desired result. Germany, whose competition for a time we will not feel, has made it plain that foreign markets have to be cultivated, with due regard to their own special demands. Germany has also made it plain that banking relations with other countries are a very great aid to the development of commerce.

ON a limited scale, and for cash transactions only, trading was resumed by the Stock Exchange last week. Its floor was not thrown open, but its members were permitted to execute orders through the Clearing House of the Stock Exchange. The closing prices on the last day of trading were fixed as the minimum figures at which business could be done. The Exchange was led to this course partly by the fact that an unregulated market in listed securities was growing up in the Street. Under such handicaps trading is necessarily kept to small volume, but such business as is done represents investment rather than speculative demands. That sort of machinery is not adapted to any active speculation. It is probably not being lost to sight that only to a very small extent have the difficulties which have been encountered since the outbreak of war been due to the suspension of trading in stocks. The experience of the last two weeks would seem to make it necessary to discount a great deal that has been said in the past regarding the necessity of maintaining an open market in securities every day and every hour of the day. If speculation did all the good its more ardent advocates claim for it, it would not be necessary to suppress it so rigorously at a time of crisis.

War's Effect on Prices

Waste, Check on Production and Interference with Trade Increase the Cost of Most Commodities, While Loss of Normal Outlets Lower Some in Areas of Production

WAR invariably raises prices and the general cost of living over the whole world. The increases in prices have at times been higher in neutral countries than in those at war. The development of international trade tends to make the world's prices go down. War, which suddenly upsets the balance of supply and demand by its interference with commerce, is the most sudden and an irresistible stimulant of prices.

Prof. J. Laurence Laughlin of the University of Chicago, in his elaborate work on prices, charts the rise and fall of the cost of food, clothing, and miscellaneous manufactures in America and in Europe over a series of years from 1850 on. Between 1850 and 1897 there are three abrupt peaks in every chart in the book. They come at 1853, 1864, and 1871. These were the times of the Crimean war, the civil war in America, and the Franco-Prussian war. And since 1897, in the ascending slope of costs over the world, the peaks of the Spanish-American, the Boer, and Russo-Japanese wars are sharp and clear.

EXPERIENCE REPEATED

The happenings in American markets on prices are only a repetition of what has happened in England in the Crimean, American, and Franco-German wars, in which she was either neutral, or so far from the scene of hostilities as to feel only a neutral's disturbance of business by the wars. It was the same sudden cessation of market activities, demoralization of trading, and sudden uprush at the start of the price of everything handled in outbound or inbound commerce. After war, prices steadied, but invariably at levels far above the normal ones. And it took years to bring them down. Moreover, after each succeeding conflict since 1853, a new and a higher level of "normal prices" has been established. The Massachusetts Cost of Living Commission in 1910 declared that not only were the extravagances of war preparations in the present decade largely responsible for the high cost of living, but that previous wars had furnished a high level for the recent rises.

Edward E. Gellender, an English banker and economist, in his work "War and Prices" summarizes the history of England's trade through the three conflicts of 1853, 1861-5, and 1870-1. The first effect of the Crimean war was an abrupt leap in prices. Excitement started in sugar, and spread to other important commodities. But the high quotations attracted great supplies to England and checked consumption at once, and there was a tumble. But averaging over all merchandise, costs kept up and continued high until 1858.

In the American civil war, the blockade of the South caused the "cotton famine" that threw 500,000 working people out of employment. Cotton went from 6.56 to 27.68. But the stoppage of exports of cotton, along with the issuance of paper money by the United States, threw exchange against America, caused a flow of gold to

London, and made it impossible for us to pay for what we imported in wheat. The cost of wheat actually declined in England. Clothing was high, but food not so costly in proportion. The decline of the cotton industry and the increase in the supply of gold coming from America threw into other channels a great supply of funds, and brought activity of production that raised wages and kept prices up. In the Franco-Prussian war, London was the only European market that did not go to pieces in panic.

WAR-TIME TRADE

In all three wars, Gellender says, England's foreign trade grew with exceptional rapidity. The Crimean war was the prime cause in a foreign activity that undoubtedly aided in making world prices tend downward in periods of peace. But the end of every war was the occasion of overexpansion and wild trading. Of war's effect on prices, he says:

The scares to which war early gives rise are too often made the excuse for raising prices far above the level that the event justifies. And as this factor may benefit one class at the expense of others, trade in general must be adversely influenced. * * * History shows that war, while often acting as a check to general overproduction and rash trading, leads eventually to the overproduction of the wrong things, and this factor, followed by a great outburst of commercial activity when peace returns, gives birth to speculation and crises.

The first effect of war in Europe on American prices has been exactly the sudden uprush that he describes as having happened in England in the three great wars.

There has been a different situation here, very naturally, in markets for products and goods according as they are our own exportable goods, or imports from other countries, or manufactures that depend for something on foreign products. Wheat at first jumped on the Chicago market, on the assumption that Europe would demand great quantities of it, but slumped again when the farmers began pouring great supplies into the centres, and the shipping blockade, coming right with the collapse of foreign exchange banking relations, caused a great oversupply for the time being. Flour, however, has advanced \$1.50 a barrel, and is still high. Cotton, of which we sell Europe two-thirds our whole production, roughly measuring, fell to panic prices, and cotton goods have hardly moved in the Fall River markets, with prices shading off. Sugar has gone up 50 per cent. in price, in part because England's supply from the Continent is cut off. Copper dropped at once, Germany being one of our chief customers for it.

BUYING AND SELLING PRICES

Raw silk rose rapidly in price in New York, and was almost unobtainable for a few days. At the same time it was selling at almost panic prices in Yokohama. It was very nearly the same thing with coffee, for Brazil would be willing to sell her product at ruinously low levels if she could, and China was probably not getting high prices for tea. It was because ocean communications and ways of paying for goods in commerce were stopped. The selling nations couldn't deliver their products, and the United States, a consumer, didn't have enough to go around.

But probably the most interesting situation of all is that in certain industries which get their raw materials from abroad in nor-

mal times and cannot obtain any of them now. The manufacturers of fertilizers are hard hit by the shutting off of potash shipments from Germany, the world's source of extensive commercial supply. Potassium permanganate has risen from 9 cents to 35 cents a pound. Rubber, like silk and coffee, has gone up because there is no way to bring it here, for the present, from 70 cents to \$1.15 a pound, and the prices of rubber goods have been advanced 25 per cent. Carbolic acid has risen from 8 to 37 cents a pound. Tin, of which the early supply was shut off, doubled in price in one day. It is used not only for the manufacture of tinware, but in making important chemicals. The chemical made from tin used for weighting silks has trebled in price. Ferromanganese and certain alloys used in the manufacture of steel have been obtained heretofore in great quantities from Germany, where it has been manufactured from Russian ores. Now most of the steel companies are pinched for a supply, and steel has risen in price, although iron is cheap. Linens have advanced 25 per cent. Manufacturers of fancy printed cloths have announced that they will put out only certain standard patterns for the present. Opium and all its derivatives have become scarce.

UNEXPECTED PRICE CHANGES

Manufacturers of chemicals in the United States are preparing to take up again the making of many products that Germany was able to underbid them on before, but it has been found that in the making of a few compounds some one essential is still obtainable only from abroad, so that they are effectually prevented from manufacturing at any price. The complex ramifications of commerce and industry have come to be so far-reaching that there is no telling for a while what a disturbance to industry and, therefore, to prices and cost in unexpected directions will develop.

Cost of War

Estimating that 21,200,000 men would be in the field in case of a general European war, Prof. Charles Richet of the University of Paris prepared the following tables, showing the number of men each country would put into the field and the cost per day to support such armies:

Austria	2,000,000
England	1,500,000
France	3,400,000
Germany	3,000,000
Italy	2,800,000
Rumania	300,000
Russia	7,000,000

Total

The following table shows estimated daily expenses on the basis of the war footing as above:

Feed of men	\$12,000,000
Feed of horses	1,000,000
Pay (European rates)	4,250,000
Pay of workmen in arsenals and ports	1,000,000
Transportation	2,100,000
Transportation of provisions	4,200,000
Munitions—infantry	4,200,000
Artillery	1,200,000
Marine	400,000
Equipment	4,200,000
Ambulances, 500,000 wounded or ill	500,000
Armature	500,000
Reduction of imports	5,000,000
Help to the poor	6,800,000
Destruction of towns, &c.	2,000,000

Total per day

European Wealth

Sir George Paish in London Statist estimates wealth of United Kingdom at \$85,000,000,000, of France at \$50,000,000,000, and of Germany \$80,000,000,000. Income of British people is \$12,000,000,000, French \$6,000,000,000 and Germans \$10,000,000,000.

If Our Gold Were Mobilized

**Our \$250,000,000 Debt to Europe
Could Be Paid Without Reduc-
ing Reserves if Bank Notes Took
Place of Gold as Till Money—
Actually It Will Be Paid in
Goods Rather Than Gold**

IT has been estimated that we owe between \$200,000,000 and \$250,000,000 to Europe that must be paid by the end of this year. This situation has developed a division in the ranks of American bankers. The majority hold that we cannot further deplete our stock of gold when the rest of the world is hoarding the metal. The minority maintains that the situation demands that we make sacrifices, if necessary, to preserve our faith with those who loaned us money when the world was at peace. It was seriously proposed last week by some very able bankers that we count bank notes as reserves in order to free as much gold as might be necessary to take up maturing obligations abroad.

The discussion last week ran rather away from the obvious fact that in the long run we will pay our obligations abroad in commodities and not in gold, which is needed only for the settlement of balances. But the payment of these debts in gold would be possible if we could mobilize our gold resources.

Under existing reserve requirements, it would be difficult, if not impossible, for those who owe money abroad to raise \$200,000,000 in gold. The banks will not release large sums under the prevailing conditions, because they need it for their reserves. And yet there is in this country enough of the precious metal to allow us to send a quarter of a billion to Europe, if that amount should be needed, without depleting the amount held as reserve. The problem is to get it together.

OUR GOLD STOCK

On June 30, 1913, when the Government's accounts were closed for that fiscal year, the stock of money in the United States was \$3,720,070,000. Of that almost exactly half, or \$1,870,761,000, was in gold. A quarter of a billion could be spared from that without causing strain, if it were not taken directly from the supply in the banks.

Of the stock of gold on hand June 30, 1913, the whereabouts of \$1,113,201,000 was known. There was in the United States Treasury in coin and bullion \$173,084,000, and in gold certificates \$78,194,000. In the national and State banks and trust companies there was in gold coin \$225,239,000, in gold certificates \$547,241,000, and in gold Clearing House certificates \$89,443,000. The total gold thus accounted for was \$1,113,201,000, leaving \$757,560,000 in the hands of individuals and corporations.

That huge sum may properly be called the nation's gold pocket money. It is doing work that could be as well performed by bank notes. In almost every case the owners could exchange it for other forms of currency without inconvenience to themselves. In fact, in so far as the amount consists of gold coin, its duties could be performed more easily by paper money.

Take a quarter of a billion of gold from the floating supply in circulation and the banks would still hold their reserves in gold, and we should have more than \$500,000,000 left in daily use. Gold certificates would

become rarer, but bank notes would serve the purpose just as well. If the country's supply of pocket money in gold could be gathered together we could let Europe have all that she can properly claim without making the slightest sacrifice.

In the East there is a prejudice among most people against carrying money in gold coin. The risk of loss is much greater, and the weight of coin is a handicap. From Denver west the amount in daily use is much greater. Silver dollars and gold coins have yielded to paper money much less readily. Among foreigners who have not been in the United States long enough to imbibe American ideas gold is also in favor. Contractors and other large employers of foreign labor often pay wages in gold, which is accepted without question where paper money might not be considered as good.

PREFERENCE FOR GOLD

The amount of coin that is kept in use in such ways reaches surprising totals. Under the provisions of the act of March 2, 1911, gold certificates are issued against bullion and foreign coin deposited in the Treasury. These certificates differ in no particular form from those issued against United States coin, and are payable in coin. The intent and effect of the act are not to limit the free coinage of gold. The mints continue to receive all the gold that is offered, and it enters into circulation either in coin or in gold certificates. The effect is simply to allow the Treasury to carry a portion of the gold in bullion, thus saving the cost of coinage.

The population of the United States last year was 97,337,000, and the amount of money in circulation per capita \$34.56. The amount of gold in circulation, but not held in any of the sources reporting to the Government, was \$7.75 per capita. It is apparent that there is still a widespread preference in this country for gold coin and certificates redeemable in gold.

As a possible measure for popularizing other paper money, in order that the gold may be more closely concentrated, it has been suggested that the coinage of gold in \$5, \$10, and \$20 pieces be discontinued, and the issuance of gold certificates be limited to denominations of \$50 and higher. The smaller the denomination of a bill the more frequently it changes hands, and elimination of the smaller gold certificates would tend to drive gold certificates out of general use as pocket or till money. The Treasury Department has gone on record against this idea, and in its last report suggested that a \$5 gold certificate be printed. Secretary McAdoo said of gold currency in his last report:

SMALLER DENOMINATION NEEDED

"Gold certificates continue to advance in volume year by year, and to add strength to our circulation. There is no limit to the volume that may be issued for gold coin and bullion presented at the Treasury offices. The amount outstanding at the close of the last fiscal year was \$1,086,727,000, an increase of \$46,669,000 as compared with that of the previous year. The denominations of these certificates are restricted to \$10 and above, but as the department is limited in its resources for the issue of currency of small denominations, it becomes more apparent each year that a \$5 gold certificate is an absolute necessity. Large amounts of gold certificates are returned to the Treasury daily for redemption, usually accompanied with a request for the return

of a part of the proceeds in denominations of \$5."

There is outstanding today \$566,000,000 of gold certificates in denominations of \$10 and \$20. If a way could be found to get half of these exchanged for bank notes we could set aside a gold fund out of which to pay all we owe to Europe as it came due without encroaching on our bank reserves. Only, by the time these debts come due we will not have to pay them off in gold, for we will already have provided for most of them by the sale of commodities.

A Prophetic View

WRITING a book on Stock Exchange practices two years ago, William C. Van Antwerp, a member of the New York Exchange, since made a Governor, indulged in a little speculation as to the changes which would be wrought by a big European conflict. This was his forecast:

"The immense number of securities dealt in, coupled with the speculative propensities of the people and the ramifications of British finance, naturally go to make that Exchange a peculiarly sensitive and vulnerable spot, and the American visitor may well wonder what would happen there if the ancient boggy of war between England and any other first-rate power should some day become a reality. War is, as every one knows, the greatest destroyer of capital. England's little Transvaal war cost \$1,000,000 a day, and by the Chancellor of the Exchequer's report resulted in a total expenditure of \$1,085,000,000. The war between Russia and Japan cost upward of \$3,000,000 daily, and \$2,000,000,000 all told. What a great war would cost England if that country were to cross swords with one of the powers may be conjectured; what would happen in the Stock Exchange taxes the imagination.

"In trying to picture what would happen in the London Stock Market should such a war as that which Englishmen are always discussing really occur, we must take into account not only the mass of securities that would be directly affected, but also the great burden borne by London banks and bankers in security issues all over the world. London's capital expenditures on new issues in various quarters of the globe in a single year exceeded £267,000,000; in the quarter which closed September, 1912, these disbursements ran £25,000,000 above the previous year. That they will continue so to increase is open to no doubt as long as England's abstention from war is assured; but if there should arise even the possibility of war, it would result in an embarrassment of credit with terribly serious results, such as have never been dreamed of in the world's history. The many years of peace between the great powers, the many new countries that have been opened to commercial development, and the countless new fields of industrial endeavor that have come into being while this peace has lasted, have served to create a British credit situation huge and complicated beyond all precedent. Any serious interruption or derangement of so vast a system would find a very different situation from that which existed on the Continent in 1870. It would be appalling."

World's Production of Raw Silk

Provisional statistics covering the production of raw silk throughout the world for the year 1913 have just been made public by the union of raw silk merchants of Lyons, France.

The total output last year is estimated at 59,636,000 pounds, which is 685,000 pounds more than the provisional figures for 1912, and 188,000 pounds more than the corrected total for that year, which was the greatest ever recorded. It is assumed that the 1913 figures, when revised, will show that this has been exceeded.

There was a marked falling off in production last year in France, Italy, European Turkey, and in that part of China of which Shanghai is the export gateway. These decreases, however, were more than made up by the increased outputs of Japan, Asiatic Turkey, and Canton, China.

Our Merchant Marine

Making a Virtue of Necessity, the Nation Is Now Seeking to Provide Itself Overnight with Vessels for the Carriage of Our Overseas Trade — The Record of the Past

OUR outgoing and incoming foreign commerce in the fiscal year 1913 amounted to more than \$4,000,000,000. Of this \$3,770,000,000 was carried by sea. Of the imports, aggregating \$1,697,000,000, no more than 11.4 per cent. was transported in American ships, while only 9.1 per cent. of the \$2,000,000,000 exports went out in American bottoms. The figures show how small our merchant marine is compared with the shipping of other nations. The figures show, too, the extent to which the overseas commerce of the United States is dependent on foreign ships.

There is nothing new in these facts. They were well known to all students of shipping problems and to the men engaged in conducting our oversea trade. It required a great crisis in world commerce, however, to bring home the practical helplessness of our exporters and importers when they are cut off from the shipping facilities of England, Germany, France, Belgium, and of other nations of Europe.

RELIEF MEASURES

Congress began to formulate measures to relieve the situation as soon as it was seen how completely commerce was paralyzed. The piece of emergency legislation under discussion at Washington has as its immediate purpose the removal of a practical embargo on ocean freight movement, but the purpose of the men who are closely identified with the alteration of our navigation laws is to grasp what seems to be a great opportunity. In their opinion the United States has such a chance as may never come again to secure a hold on marine transportation which will be permanent.

There is room for a vast expansion before our merchant marine again becomes as active in handling our own commerce as it was in 1840, or 1860, years in which American skippers transported nearly three-quarters of the country's foreign commerce.

A POOR SHOWING

The value of goods comprised in our vessel-borne foreign trade and the proportion carried by American merchant vessels are here given for a period of years, with the three last ciphers eliminated:

	Imports		Exports	
	In Amer. Ships.	In Foreign Ships.	In Amer. Ships.	In Foreign Ships.
1840.....	\$92,802	\$14,339	\$105,622	\$26,463
1850.....	139,657	38,481	99,615	52,283
1860.....	228,164	134,001	279,082	121,039
1870.....	153,237	309,140	199,732	329,786
1880.....	149,317	503,494	109,029	720,770
1890.....	124,948	623,740	77,502	747,376
1900.....	104,304	701,223	90,779	1,193,220
1901.....	93,055	683,015	84,343	1,291,520
1902.....	107,188	744,766	83,631	1,174,263
1903.....	123,666	835,844	91,028	1,190,258
1904.....	132,253	790,595	97,482	1,210,608
1905.....	160,649	878,138	129,958	1,225,063
1906.....	168,488	971,397	153,859	1,396,270
1907.....	176,550	1,163,398	141,780	1,520,598
1908.....	151,919	971,111	120,592	1,549,629
1909.....	150,528	1,090,001	108,129	1,372,692
1910.....	147,100	1,319,438	113,736	1,402,524
1911.....	146,640	1,289,510	133,565	1,640,925
1912.....	170,849	1,380,228	151,601	1,728,790
1913.....	193,094	1,504,567	187,938	1,887,460

The aggregate of tonnage engaged in the American foreign trade which entered and cleared at our ports last year was 75,548,788 tons, of which American ships supplied 10,530,453 tons. The supremacy of the English merchant service in our trade is seen in the fact that her tonnage was 39,056,401, more than half of the entire capacity of the world's ships engaged in carrying American commerce. Germany accounted for 9,166,229 tons, Dutch ships for 2,126,260, and French vessels for 2,160,569 tons.

EXPLANATION OF DECLINE

In the first year of the civil war the capacity of our vessels was very nearly the same as that of Great Britain in gross tonnage, and practically as great as the rest of the world combined. By some it is believed that the decline of the country's merchant marine was brought about by the war directly. The record is plain that, following the days when privateering and other elements of a long conflict brought destruction to the commerce of the Northern States, steady decline occurred. But there is another explanation, which includes the war only as a supplementary factor. This points out that the reaction from great power on the sea had its start back in the 50's, when steam began to supplant sail power in the ocean lanes. The United States could supply the material and build clipper ships of wood cheaper than England, but England had the advantage in the construction of steam vessels. This was particularly true when iron and steel became the components of steamships and of most sailing vessels. England could turn out the finished product much cheaper than the United States.

THE WORLD'S SHIPS

With the possibility that some of the vessels engaged in our coastwise trade may be diverted to the carriage of international traffic, the records show that the country is not ill-equipped with ships, so far as number goes. Leaving England's fleet out of consideration, we have a flotilla of both steam and sailing ships which is greater

in number than that of any other country, while in tonnage we stand second only to England and Germany. Here are figures prepared by the Bureau Veritas:

	Sailing Vessels. Net Tons.	Steam Vessels. Net Tons.	Total No. Vessels.
Great Britain.....	935,000	10,786,000	11,539
Germany	427,000	2,853,000	2,551
United States.....	1,215,000	1,482,000	4,096
Norway	601,000	1,109,000	2,127
France	434,000	1,014,000	1,569
Japan	167,000	935,000	2,111
Italy	279,000	786,000	1,471
Holland	48,000	783,000	870
Russia	560,000	543,000	4,034
Sweden	162,000	641,000	2,057
Austria-Hungary ...	12,000	616,000	472
Spain	31,000	510,000	687
Greece	143,000	449,000	1,150
Denmark	79,000	429,000	1,085
Belgium	12,000	203,000	148
Various countries....	525,000	684,000	3,092

Totals 5,630,000 23,841,000 39,059

The figures, however, do not give so cheerful an impression, as far as our vessels are concerned, when they are analyzed. There are less than half as many steam as sailing ships. It is proposed as the only way quickly to establish an adequate merchant marine that we buy foreign ships and place them under American registry.

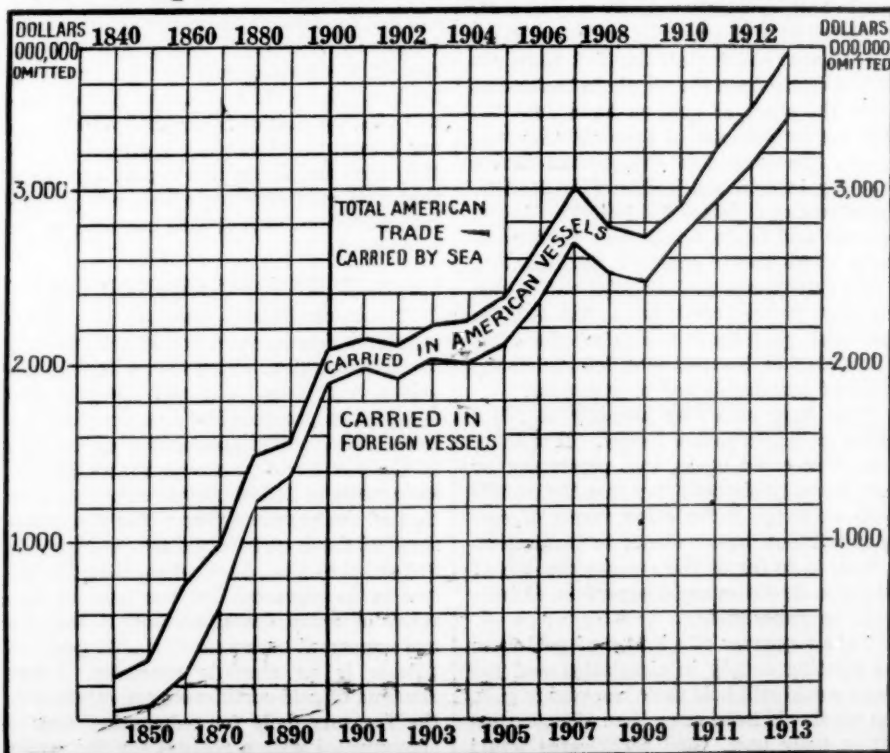
Canadian Foreign Trade

The Canadian Department of Trade and Commerce has issued its official report of Canada's imports and exports for the year ended March 31, 1914. They are, in detail, as follows:

	Imports from	Exports to
United States	\$410,786,000	\$200,459,000
Great Britain	191,942,000	222,322,000
Germany	14,586,000	4,433,000
France	14,276,000	3,810,000
British East Indies.....	7,219,000	688,000
British West Indies.....	4,345,000	4,894,000
Gulana	3,178,000	652,000
Newfoundland	1,841,000	4,770,000
Belgium	4,491,000	4,819,000
Holland	3,015,000	5,508,000
Australia	713,000	4,706,000
British Africa	523,000	3,930,000
New Zealand	3,192,000	1,935,000
Argentina	2,603,000	2,135,000
Japan	2,604,000	1,589,000

Canadian imports from the United States were, it will be seen, as large as the total trade, both imports and exports, with all Latin-American countries.

Our Ships' Small Share in Our Commerce



Single vs. Multiform Regulation

Congress Is Expected to Pass Soon the Bill Establishing Federal Supervision of Railroad Securities — The Question Whether This Supervision Will Be Exclusive or Not Is at Issue

WILL the so-called Rayburn bill, which has lost its identity through being split in twain by the Interstate Commerce Commission, take away the States' right to control railroad security issues? State Railroad Commissioners think not; railroad men hope it will.

Fearing that the constitutionality of the bill as drawn up by Representative Rayburn might be successfully contested, the Interstate Commerce Commission made two bills out of the original measure, incorporating the provisions for the regulation of security issues under a new Railroad Capitalization bill. This was passed by the House on June 5 by a vote of 325 to 12. It is expected to be taken up in the Senate in the latter part of this month, after modifications in committee.

The substitute for the Rayburn measure would provide close regulation and control of stocks and bonds of railroads by the Interstate Commerce Commission. The commission would be authorized to require periodical or special reports on the financial condition of carriers, statements of receipts and expenditures in relation to capital accounts and all other financial transactions. Before issuing stocks or bonds the railroads would be required to file with the commission a certificate of notification showing in detail the character of the securities, the purposes for which they are to be issued, and the disposition to be made of them. These certificates would be made part of the public records, open to any one's inspection.

STATE RIGHTS

Allison Mayfield, Chairman of the Railroad Commission of Texas, where they watch the railroads very closely, is loath to believe that the pending bill would take away the State's jurisdiction over new security issues. He says:

I cannot comprehend the theory whereby Congress can assume any sort of jurisdiction as to the issuance of securities by railroads, without an amendment to the Constitution, or by usurpation of the power. Railroads universally are owned and operated by corporations. A corporation is a creature of the law. It has no natural rights like an individual; it has only such rights as are conferred upon it by law. Most of the railroads of this nation derive their charters from a State. Fundamentally they cannot issue any form of indebtedness if forbidden by the laws of the State that created them. A creature cannot be greater than its creator.

The corporation has no inherent right to enter and operate in another State except with the consent and upon the terms prescribed by the other State. If perchance it should get a charter from the National Government, the status would remain the same. The Federal Government cannot exercise the power of eminent domain within a State, and this is a sine qua non to the existence of a railroad corporation, and it goes without saying that this power cannot be conferred upon its own creature.

If, however, for any reason the Federal Government does assume the control of the issuance of railroad securities, that control in the nature of things must be exclusive, because two bodies cannot occupy the same space at the same time. I believe under such circumstances there are many reasons why Federal control would be

injurious, especially as it would affect the construction of new railroads.

Roberts Walker, former Chairman of the Rock Island and an eminent railroad lawyer, would be willing to see the Interstate Commerce Commission empowered to give full publicity to security issues, without being able to fix the price and terms upon which issues should be made. He dwells on the difficulties attending the present regulations of several States affecting corporations. He put his views thus:

Issuance of securities by a railroad corporation requires the widest elasticity as regards methods of financing. The market varies from week to week, and the railroad should be allowed to make the best possible use of the market, whether it calls at the time for long-term bonds or short-term notes. No two railroads have the same collateral or credit to offer to lenders. There is thus involved bargaining which needs delicate balance of values by men who are experts in such matters. To have these bargains subjected to supervision—with possible amendment or prohibition—by an outside tribunal not interested in the subject matter is the feature that creates the greatest difficulty. It is as if an accomplished surgeon before operating had to consult some official board, neither skilled in medicine nor related to the patient, for leave to make an abdominal section.

FREEDOM OF PRICES

If a statute for the regulation of securities could be restricted to the giving of necessary investigation and publicity, and should not deal with the prices or terms upon which securities were issued, then regulation by the several States would be as satisfactory as regulation by the Federal Government. The present difficulty arises from the fact that the statutes go further and give the commissions power to regulate price, terms, &c., and that the statutes are not uniform. Corporations must obviously get approval from the commissions in all the States in which they are domiciled. It thus results that for the sake of efficiency and economy the only alternative seems to be Federal regulation and the exclusion of the States from any regulation whatever of the carriers subject to the Interstate Commerce act.

B. F. Yoakum would like to see new railroad issues scrutinized by a Federal body, so that, when approved, they would bear a stamp that would make them more readily salable. He embodied suggestions to this end in a letter written recently to the Committee on Interstate and Foreign Commerce. In this letter Mr. Yoakum said in part:

The approval of the Government would be preferable as to interstate railroads, and would simplify the work both for the Government and the railroads. It would obviate the multitude of divergent views that might arise as to the necessity of issuing securities to carry on the work of development, additions and betterments asked for by interstate carriers.

If the Government should approve a railroad security it would, in effect, morally speaking, indorse it, and this high approval of the issue should make such a bond sell at the lowest rate of interest current for gilt-edge securities, thereby reducing the cost of transportation.

AN ADVERSE VIEW

The President of one of the country's biggest transportation systems, giving his views anonymously, strongly favors central regulation. He says:

Unquestionably it would be better for both the railroads and the public that the control now exercised by the commissions of the various States and by the Interstate Commerce Commission should be concentrated in one body. The proposition is so plainly in the interest of economy and efficiency that it requires no argument. Security issues may or may not be intrusted to the same body. The State commissions as a rule are a joke.

By inference, Ralph Peters, President of the Long Island Railroad, would like to see security issues and other matters of public interest put under the Interstate Board's

exclusive control after provision had been made for a high-class commission. He suggests that it is of transcendent importance at this time that action should be taken to insure that the commission—

1. Shall be made a non-political body and removed as far as possible from political influences.

2. That the tenure of office and the salary paid shall be such as to attract to membership men of the very highest ability which the American nation can develop.

PRESENT METHODS INTOLERABLE

It is high time for a change from State to Federal regulation of capital issues, thinks Newman Erb, President of the Minneapolis & St. Louis:

The present method of dealing with security issues is well-nigh intolerable to a company engaged in interstate business. Each of the several States through which it operates has its own board, the consent of which must be obtained to a proposed issue. They act independently of each other, under varying laws and different rules. Large roads are confronted with conflicting conditions. It is necessary to begin making applications months before the issues are made, and long before the sale of securities can be closed. Indeed, corporations cannot now negotiate the sale of their securities with any degree of certainty as to when and upon what conditions they may make the issue. Bankers are unwilling to make commitments for securities without a definite date for their delivery and precise knowledge of the conditions of the issue. It has become necessary for the Federal Government to assume the responsibility for acting on railroad issues.

The President of the Erie would like to see the control of financing centralized at Washington. "I am very confident that the plan of having one authority pass on security issues is superior and desirable," says F. D. Underwood. "A reform of this kind could not come too quickly."

WHAT COMMISSIONERS SAY

It is not strange that the State Commissioners should be less enthusiastic over the Railroad Capitalization bill. Writing from Columbus, O. H. Hughes, Chairman of the Ohio Public Utilities Commission, says:

I believe Congress has the right to assume exclusive supervision over the security issues by interstate roads. Such regulation is in theory ideal, possibly, but it might be exercised to the great danger of local communities.

C. B. Aitchison, a member of the Railroad Commission of Oregon, gives the plan his qualified approval:

The question is entirely one of efficient administration. If the Federal authorities can, without being overloaded to a point where efficiency is lost, assume exclusive control of security issues, and the administration is such that the application of principles to the fact in local cases is borne in mind, then unquestionably central control is desirable.

Martin S. Decker of the up-State New York Public Service Commission, does not think that the Rayburn bill would give the Interstate Board control over security issues of lines lying wholly within the States, and probably not as to interstate roads which are operating under incorporating State statutes. He says:

Certainly a semblance of control or inefficient regulation would be highly undesirable as exclusive regulation by the Federal Government. The regulation now provided by the State of New York is highly effective. The underlying question arises whether, since the construction of railroads is within State control, and control over capital expended necessarily follows with respect to the construction, the State should be completely ousted from continuing regulation of the issuance of such railroad securities.

A. P. Anderson, President of the State Railroad Commission of Colorado, thinks that it will require an amendment to the Constitution to make it possible for the Interstate Commerce Commission to take exclusive charge of security issues. He

points out that some States have laws requiring all roads crossing their borders to have a separate and independent organization, which gives the State authorities control not only of rates, but of the issuance of stocks and bonds as well.

Robert H. Prentis, Chairman of Virginia's commission, holds that both State and Federal control is essential. "If we have patience we can gradually evolve a system which will be effective," he says. "In the course of time all conflicts of jurisdiction can be reconciled, and all the powers of Federal and State Governments, acting together, each in its proper sphere, are needed to accomplish desirable results."

A TRADE OPPORTUNITY

Europe's Inability to Serve South America and China Betters Our Chances There

THE ill wind of the European war promises to blow good in at least one direction. The demoralization of our export trade with Europe may be compensated to a very large extent by expansion in other directions. That will be made possible through the check to Europe's exports, which will leave such rich markets as those of China and South America open to the American exporter with no serious competition to be faced. That may well result in the development of amicable trade relations that would be continued long after the war has passed into history.

GREAT TRADE LOSS

The extent to which our trade with Europe will suffer by reason of the war is incalculable. Imports have already practically ceased, and there is little chance that they will be resumed on a very large scale for some time to come. Exports may suffer greatly, too, though, if the seas be opened to commerce, perhaps not so much as imports.

Some idea of the amount of trade that might be developed with South America may be gleaned from the following table, which shows the exports of the three leading European countries in 1912 to the ten South American republics:

United Kingdom	\$244,972,000
Germany	136,060,000
France	53,853,000

Total \$434,885,000

In the same year exports of those countries to China were as follows:

United Kingdom	\$54,443,810
Germany	20,425,000
France	2,169,956

Total \$77,038,766

A BIG FIELD

That is a total exported from the three countries to South America and China in 1912 of \$511,923,766. In the same year our exports to Europe amounted to \$1,341,732,789. Certainly the acquisition of this trade, so much of which will necessarily have to be abandoned by the three countries, will go a long way toward offsetting the loss sustained through the war. Also, these are fields which are growing with astonishing rapidity, and if equitable trade relations are once established each year should see an increase in the amount of our trade with them. In 1912 we exported but \$132,310,451 to South America, or only 5.93 per cent. of our total exports, while our exports to China were only \$24,361,199, or about one-third of the amount exported by the three countries mentioned in the tables above.

AMERICA'S GREAT WHEAT SURPLUS

Europe Facing Large Grain Shortage Even Before Outbreak of War Is Certain to Turn to Us to Fill This Gap and to Make Good the Wastage of War

IT is obvious from even a casual study of the world's production figures that, should the seas be opened to commerce, the demand for American wheat will exceed the supply, notwithstanding the fact that this country has the largest crop in its history. Even without the stimulation of war, the crop shortage in Europe would have been sufficient to create an extraordinary demand. Actually and relatively, our surplus this year has more than doubled, but the European shortage has increased still more.

The extent of this shortage may be seen from the following table of European production, compiled by Dornbusch, the London grain authority. The figures are given in quarters of eight bushels each:

	1914.	1913.	1912.
France	38,000,000	38,800,000	41,476,000
Russia	86,000,000	102,000,000	78,090,000
Austria-Hungary	25,200,000	28,438,000	32,169,000
Italy	22,000,000	26,842,000	20,425,000
Germany	21,000,000	21,406,000	20,672,000
Turkey	10,000,000	10,000,000	17,000,000
United Kingdom	7,500,000	7,066,000	7,175,000
Belgium	1,900,000	1,883,000	1,921,000
Total European	202,410,000	292,446,000	280,304,000

According to the latest Government report our wheat crop this year will be 911,-

to be faced there. That is some 8,000,000 bushels more than our exportable surplus, and those figures do not take into account the further shrinkage, which will undoubtedly be great, of the European crop, owing to losses incidental to war.

Whether or not we will be able to take advantage of this condition and meet the demand which is sure to come may depend largely on the result of the expected naval engagement between England and Germany. Should the English fleet win a decisive victory, the result would be immediately shown in great shipments to that country and its allies. But a German victory might bring an entirely different result. Secretary of Agriculture Houston, in discussing this point, said last week:

If Germany and Austria cannot control the high seas it will be very difficult for food supplies from this country to reach them. This would not have a very serious effect on our exports, because a very small proportion is taken by these countries. Of the wheat and wheat flour exported in 1913—about 140,000,000 bushels—only 12,000,000 went to Germany and Austria. If they were to control the high seas it would seriously interfere with the marketing of the greater part of foodstuffs we export.

If, on the other hand, England, France, and Russia control the high seas, we should be able to market in the near future, without great difficulty, the great mass of our exportable food products. Even if they cannot control the seas, they are going to take every sort of reasonable risk to get supplies, and on account of their extensive shore lines and large shipping facilities

The Wheat Surplus and Where It Goes



"Domestic consumption" in 1914, shown in the circle on the right, is obtained by multiplying the amount consumed per capita last year by the population on June 30 of this year. The area of the circles shows the relative size of the crops. Wheat used in making flour and other products, part of which is exported, is included in "domestic consumption."

000,000 bushels. That is an increase of 148,000,000 bushels over the yield of last season, which was 763,000,000 bushels. Of last year's crop, approximately 668,000,000 bushels was consumed at home, the per capita consumption being 6.85 bushels, figured on the population as of June 30. That left an exportable surplus of 95,098,838 bushels, which was mostly taken by Europe. Consumption here will, of course, increase in proportion to the population, so that if the amount consumed per capita should remain the same, the United States will this year use 678,334,950 bushels, leaving an exportable surplus of 232,665,050 bushels, or 26.2 per cent. of the crop, against 12.5 per cent. last year. This year's surplus, at current prices, will be worth the huge sum of \$228,000,000.

Ordinarily this enormous surplus would more than suffice to meet the demands from the wheat importing countries, but with a European harvest of 2,099,280,000 bushels, as against 2,339,568,000 last year, a shortage of over 240,000,000 bushels has

ties they would doubtless secure a very considerable part of what they need.

In the grain trade, therefore, much depends upon which faction of the European belligerents controls the seas.

The Human Tides

The United States Department of Labor publishes the following statistics of immigration:

Month.	Immigrant aliens admitted.	Emigrant aliens departed.	Net change in population from alien immigration and emigration movement.	Immigrant aliens admitted.	Emigrant aliens departed.	Net change in population from alien immigration and emigration movement.
July.....	78,101	24,673	+53,428	138,244	26,434	+111,810
August..	82,377	25,725	+56,652	126,180	23,242	+102,938
Sept. ...	105,611	23,728	+81,883	136,247	19,241	+117,006
October..	108,300	27,153	+81,147	134,140	26,968	+107,172
Nov. ...	94,739	41,444	+53,295	104,671	27,632	+77,039
Dec. ...	76,815	45,048	+31,767	95,387	30,243	+65,144
Jan. ...	46,441	29,730	+16,711	44,708	34,216	+10,492
Feb. ...	59,156	15,253	+43,903	40,873	17,074	+23,799
March..	66,958	15,044	+51,914	96,621	15,500	+79,121
April ...	136,371	18,331	+118,040	119,855	22,801	+97,054
May ...	137,262	19,131	+118,131	107,796	23,544	+84,252
June ...	176,261	22,930	+153,331	71,728	38,415	+33,315
Total	1,107,892	308,100	+889,792	1,215,480	303,838	+915,142

Vitalizing an Accounting Theory

Commerce Commission, Having Long Since Defined the Theory of Depreciation in Railway Equipment, Is Now Seeing That It Is Reduced to Practice

IT must have come as a surprise to the Interstate Commerce Commission to learn recently that it was held responsible for failure of the reorganization plan for the three Rock Island Companies. The collapse of the underwriting syndicate, without which the readjustment could not be carried through, was laid at the door of a change in the system of accounts ordered to go into effect on July 1. Under the new system, it was alleged, the Rock Island's income account for the present fiscal year promised to show only 3½ per cent. surplus for a new issue of 7 per cent. preferred stock, whereas, as forecast under the old rules, the statement was expected to show about 8 per cent.

The new classification of operating revenues and expenses was ordered into use on July 1 at a meeting of the commission on May 19, which was exactly one month in advance of the adoption of the Rock Island plan. Furthermore, the new classification, labeled as tentative, had been in the hands of railway officials for some months before that to allow them to become accustomed to the suggested changes.

THE PRINCIPLE FIXED

Seven years ago the commission decided that the carriers should be required to include in their operating expenses a percentage of the value of equipment owned to care for depreciation. Some roads had made charges for depreciation, while others, although not quarreling with the theory that as cars and engines wore out earnings should make up the loss, had another way of caring for the depreciation. Instead of charging off annually a percentage for depreciation, they destroyed discarded cars and locomotives, and added to their property account each year only the cost of new equipment other than that bought to replace that thrown away. If a company with 50,000 freight cars added 8,000 new cars and scrapped 5,000, the capital account was increased by the cost of 3,000 cars.

That was the Rock Island's theory, only instead of destroying obsolete cars and deducting the original cost from the amount charged to capital for new equipment the company got into the habit of procrastinating. Cars that were in bad shape were carried on the books, to be written off in more prosperous times.

The Interstate Commerce Commission has never attempted to tell the carriers what a proper charge for depreciation is. Having ordered that some percentage be allowed they did nothing further in the matter of making an arbitrary charge for several years. In the new classification the commission holds that the percentage must be based on the road's actual experience with depreciation. When a road reports that it is allowing but a nominal percentage it is likely that the commission will insist upon an adequate charge being made.

The Rock Island management decided that in view of the new accounting regulations this would be a good time to adopt the conservative system, and to charge off proper amounts for depreciation. The officials decided that an average of 3 per cent. per annum would be about right, which means

that on \$50,000,000 of equipment the annual depreciation charge would take \$1,500,000 from the surplus.

It seems quite likely that if half a dozen of the leading railway statisticians would agree on a certain percentage as the proper allowance for depreciation of equipment the commission would make a charge of that amount incumbent on all roads. However, the theories held by different authorities vary so much that the commission has so far preferred to leave the decision to each company.

A LONG-TIME SCALE

The Association of Railway Accountants held a meeting in this city recently at which the matter of proper depreciation charges came in for a good deal of discussion. The Interstate Commerce Commission was represented at the meeting, but in the absence of an agreement among the accountants the discussion did not result in any material change in the Government rules.

In the past, the Rock Island, which has taken so little care of its equipment that an expert recently sent over the road for the bondholders' committee came back with a recommendation that about 16,000 freight cars be discarded, used to make an annual depreciation charge on its equipment of one-fourth of 1 per cent. That is figuring on an average life of 400 years for the rolling stock.

The Rock Island officials made this charge openly, however, and without any pretense of covering the amount of depreciation. The company followed a practice upheld by some of the best accounting officers of charging off nothing against current earnings for depreciation until a piece of equipment was destroyed or discarded, when the full book value, less any salvage, was written off. The objection to this method is that it lends itself too easily to neglect. When the management desires to make as good a showing as possible in net it is convenient to leave most of the damaged and obsolete cars on sidings, to be noticed officially when an opportune time for charging them off comes along.

ACTUAL DEPRECIATION

The Rock Island notified the commission that it was treating its equipment as worth its full cost value until discarded, and then writing off the full amount, and that body replied that it would be necessary to make an annual charge for depreciation. The accountants accordingly decided on a charge of one-fourth of 1 per cent. The subsequent history of the company, it is argued, proved a strong argument for an arbitrary charge based on the actual depreciation.

If the commission decides on a fixed charge, it will provoke a large amount of criticism from roads which have been following widely differing policies. Some companies today charge off 3 per cent. per annum for depreciation on freight cars and 4 per cent. on passenger cars, and yet others reverse the process and figure a higher depreciation on the freight cars. It is maintained that the actual depreciation of a steel underframe car is less than on a wooden car, and of an all-steel car less than on the steel underframes, making three different rates which should be used on one class of equipment.

The Rock Island has been making an annual charge against its profit and loss surplus for equipment destroyed, but the average has been less than \$1,500,000 per annum. Under the description, "Value of

equipment destroyed, dismantled, or sold during the past fiscal year, (exclusive of equipment which under mortgages or equipment trust agreements must be replaced,) less salvage," it charged off in 1913, \$632,481; in 1912, \$790,940; in 1911, \$915,714, and in 1910, \$748,219. In the report for 1909 there was lumped together for that year and the year preceding \$2,907,000 under the same heading. The depreciation charges called for by the Commerce Commission are included in operating expenses.

On the matter of making depreciation allowances, the commission's new regulations say:

The accounts provided for maintenance of fixed improvements and of equipment are designed to show the cost of repairs and also the loss through depreciation of the property used in operations, including all such expenses resulting from ordinary wear and tear of service, exposure to the elements, inadequacy, obsolescence, or other depreciation, or from accident, fire, flood, or other casualty.

The depreciation, in excess of the amount provided for through the depreciation accounts, upon fixed improvements retired and replaced shall be included in the repair accounts when the property is retired. Such excess depreciation upon equipment retired shall be included in the accounts for equipment retirements.

FIXED IMPROVEMENTS

In the matter of marking off depreciation upon what are called fixed improvements, as distinguished from equipment, the new rules say:

Depreciation accounts in which to include uniform monthly charges to cover the depreciation of fixed improvements have been provided for the purpose of creating reserves which will meet or reduce the amounts otherwise chargeable to operating expenses at the time of extraordinary repairs to such property, or chargeable, as may be appropriate, to operating expense, or to profit and loss accounts to cover property retired. Such depreciation charges shall be based in each instance upon the percentage of the original cost, record value, or purchase price of the property determined to be equitable by the carrier's experience and best sources of information as to the actual current loss from depreciation. A statement of the basis used by the carrier for computing these charges shall be included in its annual report to the commission. Until further directed, the use of depreciation accounts for fixed improvements is optional with the carrier.

As for freight and passenger cars and locomotives, the requirements are that the railroads shall make uniform monthly charges representing depreciation, the amount to be determined by each road from its experience in the matter of actual depreciation.

Life Insurance Farm Loans

Ways and means for making more funds available to farmers are being very widely discussed. It is worth noting the extent to which life insurance companies have invested their surplus in farm mortgages. The figures help to make it plain that the farmers have not lacked credit facilities altogether. Seventeen large companies are found by The Banker-Farmer to be carrying farm loans on July 1, distributed through forty-two States and Porto Rico, to a total of \$519,143,588. The table shows the distribution by States of the farm loans of these life insurance companies:

Iowa	\$100,119,913	New Mexico	\$1,111,994
Kansas	53,608,085	Louisiana	954,461
Missouri	53,067,415	Alabama	856,404
Nebraska	53,165,368	Arkansas	818,129
Illinois	43,131,733	North Carolina	794,830
Indiana	40,686,288	Oregon	639,451
Minnesota	33,078,633	Michigan	508,174
Oklahoma	22,536,862	Utah	474,582
Texas	20,325,095	Montana	445,435
South Dakota	18,934,368	Arizona	411,973
North Dakota	14,629,783	Virginia	181,130
Ohio	14,034,375	Pennsylvania	102,950
Georgia	10,505,560	New York	90,000
Tennessee	8,428,243	New Jersey	62,465
California	5,861,978	Wyoming	43,200
Kentucky	5,006,844	Florida	16,000
Mississippi	2,638,879	Maine	3,508
Colorado	2,017,025	West Virginia	2,820
Idaho	1,696,272	Vermont	2,475
South Carolina	1,587,222		
Wisconsin	1,398,241	Total United States	\$518,998,106
Washington	1,247,287	Porto Rico	145,482
Connecticut	1,220,476		

Foreign Correspondence

UNDER the operation of the varied emergency measures which have been adopted since the outbreak of the war, the European markets, particularly London and Paris, are now shaping themselves to resume financial transactions, especially those incidental to international trade. The first definite actual step toward financing the war is an issue of \$75,000,000 of Treasury notes which England put out at the close of the week. The way for the easy flotation of these notes was paved by the discounting by the Bank of England, under the Government's guarantee, of a very large amount of bills accepted prior to Aug. 4. Paper money in small denominations is passing easily into circulation in England.

The French Government has opened large credits for the conduct of the war, but to avoid putting too much of a burden on the Bank of France it is proposed to put out shortly an issue of \$300,000,000 of Treasury notes. The French business world is urging the banks to release their deposits to facilitate manufacturing.

ENGLISH WAR LOAN

Issue of \$75,000,000 Treasury Notes Put Out in London—Banks Resuming Business

By Cable to The Annalist

LONDON, Aug. 15.—The whole country as well as the business community is quietly confident. This attitude is largely due to the maintenance of the ocean trade routes. Food prices have not been raised. The Bank of England's gold supply is rapidly increasing, considerable additions being made to it through the deposit of gold at Ottawa for the Bank's account. Ten shilling notes were put out today. The new paper currency is being accepted without hesitation.

The Government's guarantee has caused the discounting at the Bank of England in enormous amount of bills accepted prior to Aug. 4. This has led to a great abundance of funds. The Government is taking advantage of this to put out \$75,000,000 of Treasury bills in anticipation of the war loan. The banks are showing great timidity in re-employing liquid funds, but some fresh business is being transacted. The discount rate is $5\frac{1}{2}$ per cent., and the rate for loans 4 per cent.

The reopening of the Stock Exchange for general business is not yet being discussed, but public opinion begins to favor a limited reopening of the Exchange for cash transactions. Profiting by the opportunity which the moratorium affords, operators in the silver market have raised the price against the Government to 27d. Generally business is standing still while waiting for good news from the Baltic and from Belgium. The city is busy clearing up details. The recommencement of remittance by way of Ottawa and the beginning of import shipments are helping to resolve the congested financial situation.

SITUATION IN PARIS

Demand Arising for Release of Bank Deposits to Facilitate Manufacturing

By Cable to The Annalist

PARIS, Aug. 16.—There is a fair attendance on the Bourse, but the members are doing little else than discuss the war

news. Quoted prices are slightly better. Those listed cover ten securities for the account and eighty-two for cash. Rentes now stand at $75\frac{1}{4}$, and the new $3\frac{1}{2}$ s at 82.

The President of the French Chambers of Commerce said to your correspondent today:

"While soldiers are undertaking heroics the business community must mobilize to curtail the consequences of warfare and to prepare the nation if necessary to stand a lengthy military campaign. The chief requirements are means of transportation overland and overseas and funds with which to carry on trade. French, English, and neutral vessels are resuming transatlantic sailings, the seas being clear and the French and English Governments covering war risks. Next week the French railways will resume regular passenger and freight traffic, particularly the carriage of staples.

"The drastic moratorium saved the banks, but paralyzed industry and commerce. It is felt that the banks should release deposits to allow manufacturers to secure materials. This is thought to be particularly necessary in the case of manufacturers of the necessities of life and of war supplies. I am confident that under the direction of the Minister of Commerce, and with the friendly assistance of Chambers of Commerce, including pre-eminently those of England and the United States, France will soon resume workaday aspect.

"The economic machinery suddenly stopped needs a mighty effort to start again short handed, but I trust sympathetic American customers will stand the initial inconvenience which is unavoidable considering work is principally conducted by women whose male supporters are fighting for universal liberty and for democracy."

The general opinion is that the momentary collapse of French banking was due to its own hugeness. The tremendous amount of deposits invested in discounts and in advances on securities which are now unrealizable and unreasonable acceptance of foreign financial drawings were at the bottom of the trouble. The Bourse's collapse is attributable mainly to protracted crises in the securities market capped by the lack of real success of the recent issue of $3\frac{1}{2}$ per cent. Government bonds. The moratorium postpones for one month payments on letters of credit, and bank accounts and bills due before Sept. 1 will probably be renewed for three months. Rents below 1,000 francs a year will not have to be paid until October.

The State Council upon the Government's authority opened credits of 2,700,000,000 francs for war purposes. In order not to overburden the Bank of France the Government may issue 1,500,000,000 francs of treasury notes. Your correspondent is informed that some Paris bankers having deposits in Berlin were asked by their correspondents there where the French bankers desired to have reimbursement made in gold and chose New York. Moreover, French institutions turned over to the French treasury all their New York credits, thus facilitating payment for the wheat which will be imported by France from the United States.

Bank of England Statement

	1914.	1913.	1912.
Bullion	£33,014,000	£41,069,689	£40,878,192
Reserve	15,530,000	29,944,000	29,815,227
Res. to liabilities	17.2%	58.07%	49.8%
Circulation	35,934,000	28,475,000	29,512,965
Public deposits	7,889,000	9,341,000	16,552,231
Other deposits	83,326,000	37,435,000	43,263,123
Government securities	23,041,000	12,456,000	13,982,472
Other securities	70,786,000	26,735,000	24,141,958
Discount rate	5%	4%	3%

ON THE EVE OF WAR

London Market, Like All Others, Had to Yield Under the Strain of European Conflict

Special Correspondence of The Annalist

LONDON, July 31.—Europe is passing through the greatest financial crisis it has ever known. With dramatic suddenness its whole financial system has broken down, its money markets have become almost paralyzed, and its Stock Exchanges completely so.

The trouble began with a stock market collapse of unprecedented magnitude and severity. Its gravest feature was the unanimity of the slump that every kind of security suffered in every European market. There were outstanding points of weakness, such as Canadian Pacifics and Rio Tintos, but even the stocks that were comparatively immune from panic-stricken sales suffered to an extent that in normal time would be regarded as extremely serious.

For this state of affairs Continental operators were almost entirely responsible. There was heavy selling originating in London also, but not of the frantic kind proceeding from the Continent, and the state of demoralization to which the London Stock Exchange was eventually reduced was due to the fact that it had to bear the brunt of the liquidation, especially when it remained open after the Continental Bourses had wholly or partially suspended operations.

During the latter part of the week dealers on the Stock Exchange refused to perform their usual functions of quoting buying and selling prices to all-comers, but were still prepared to carry out transactions by negotiation. This necessarily put a stop to speculative operations and reduced selling orders to cases in which holders were actually forced to realize. But it enabled the Stock Exchange to keep open for a day or two longer than would otherwise have been possible.

It was in thus bearing the brunt of the onslaught on securities and proceeding with its fortnightly settlement in due course that the London Stock Exchange had to witness the failure of so many of its members, twenty-three of whom went down. The postponement until the end of August of the settlement on the Paris Bourse still further increased London's difficulties.

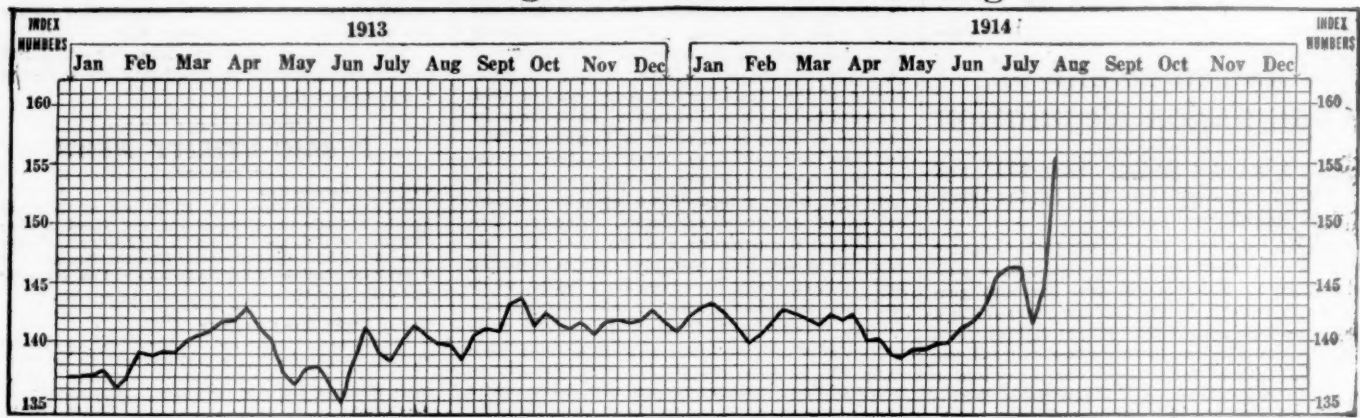
In all the circumstances the closing of the London Stock Exchange—and that of New York—was inevitable. These markets could no longer afford to be the dumping ground for stock thrown out by Continental countries that had suspended the operations of their own markets.

With every fresh fall, the danger of a wholesale calling-in of loans by London bankers had increased, and the closing of the Stock Exchange was the only way to stop the fall.

As in the stock markets, so in the money and exchange markets, the ordinary system of business on the Continent first broke down. Dealing in exchange was at a standstill, and English sovereigns, of an actual intrinsic value of 25.22½ francs, commanded in Paris no less than 27 francs apiece. It is no wonder that with this premium on gold, France was exercising to the full its powers of withdrawing gold from London, the only free European market for the metal.

The Bank of England has behaved with wisdom, and well discharged its proper functions. When the bill market put the discount rate up to 5 per cent. and practically ceased to discount bills, the Bank abstained for some days from raising its official rate. All borrowers in good credit were thus able to go to the Bank and get cheap funds. They borrowed in fact £13,000,000, and all danger of any sudden or sharp restriction of credit, of the sort which is most ruinous, was avoided. Then, when all who needed it were supplied with funds, the Bank rate was raised.

The Highest Cost of Living



An index number is a means of showing fluctuations in the average price of a group of commodities. The Annalist Index Number shows the fluctuations in the average wholesale price of twenty-five food commodities selected and arranged to represent a theoretical family's food budget.

Barometrics

THE ANNALIST INDEX NUMBER

Weekly Averages.	1913.	1912.	1911.
August 15.....	155.50	139.98	80.09
August 8.....	144.69	143.25	109.25

POTENTIALS OF PRODUCTIVITY

The Metal Barometer

	—End of July.—		—End of June.—	
	1914.	1913.	1914.	1913.
Daily pig iron capacity, tons	63,935	81,657	63,698	88,020
U. S. Steel's orders, tons...	4,158,589	5,399,316	4,032,857	5,807,317
Pig iron production, tons...	*1,957,645	*2,560,646	†14,359,660	†18,909,420

*Month of July. †Seven months.

*Month of July. †Seven months.

Building Permits

July, 104 Cities.	June, 122 Cities.
1914.	1913.
\$64,912,541	\$58,076,782

Migration

June.	Fiscal Year.
1914.	1913-14.
Inbound (alien only).....	71,728
Outbound (alien only).....	38,413

Balance	+33,315	+153,331	+915,142	+889,702
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MEASURES OF BUSINESS ACTIVITY

Bank Clearings

Entire country. Percentages show changes from preceding year.	The past week.	P. C.	The week before.	P. C.	The year to date.	P. C.
1914	\$2,199,192,976	-21.2	\$2,570,703,705	-8.0	\$106,525,487,076	-0.3
1913	2,790,633,164	-9.9	2,795,490,761	-2.5	106,900,715,307	-0.8
1912	3,101,011,888	+7.4	2,865,988,087	-2.3	107,693,751,245	+6.4

For the week ended Saturday noon. Reported by telegraph to The Annalist.

Central	Last Week.		Thirty-three Weeks.		Year's Change.
Reserve Cities:	1914.	1913.	1914.	1913.	P. C.
New York	\$985,140,501	\$1,520,810,834	\$59,734,279,798	\$60,717,759,823	- 1.6
Chicago	259,370,831	285,458,457	10,408,100,842	10,168,646,620	+ 2.4
St. Louis	67,359,215	71,555,645	2,581,305,881	2,565,399,593	+ 0.6
Total 3 c.r.cities.	\$1,311,870,547	\$1,877,824,936	\$72,723,746,521	\$73,452,346,036	- 1.0
Reserve Cities:					
Baltimore	\$31,444,286	\$34,155,485	\$1,180,563,063	\$1,271,221,141	- 7.2
Boston	109,652,672	136,780,364	5,148,538,340	5,245,356,000	- 1.9
Cincinnati	21,051,650	23,671,500	865,796,705	844,423,450	+ 2.5
Cleveland	23,373,322	25,601,445	830,710,246	810,078,164	+ 2.5
Denver	8,206,342	8,438,213	279,018,806	298,809,061	- 6.4
Detroit	38,550,700	35,863,835	806,626,539	836,123,111	+ 7.1
Kansas City, Mo.	57,842,603	55,479,594	1,673,719,318	1,745,418,371	- 4.1
Los Angeles	21,618,113	22,242,694	704,128,158	790,204,784	- 3.3
Louisville	10,779,245	13,266,417	455,851,524	466,286,965	- 2.4
New Orleans	13,563,014	15,129,716	600,236,258	588,510,119	+ 2.0
Omaha	14,898,246	16,723,869	548,681,760	557,311,256	- 1.6
Philadelphia	123,561,873	138,338,218	5,226,772,117	5,404,943,249	- 3.3
Pittsburgh	46,066,858	47,973,188	1,713,740,498	1,801,460,070	- 9.9
St. Paul	7,920,101	9,824,147	357,622,699	319,860,840	+11.9
San Francisco	46,211,481	50,512,850	1,586,171,030	1,563,940,788	- 0.5
Seattle	12,333,206	13,338,665	394,564,839	400,895,680	- 1.5
Tot. 16 res. cts.	\$587,673,711	\$647,400,210	\$22,522,732,949	\$23,074,745,969	- 2.4

Gross Railroad Earnings

	First Week	Fourth Week	June.	Fiscal Year
	In August.	In July.	June.	Ended June 30.
This year	\$8,418,229	\$16,985,842	\$94,361,995	\$1,155,353,419
Same last year	8,760,249	17,648,323	95,898,810	1,178,086,531
Gain or loss	-\$342,020	-\$662,481	-\$1,536,815	-\$22,733,112
	-3.9%	-3.8%	-1.6%	-1.9%

*21 roads. †26 roads. ‡22 roads.

The Car Supply

	Aug. 1, 1914.	July 15, 1914.	Nearest Report to Aug. 1.
Net surplus of all freight cars	196,665	226,541	58,455
	1914.	1913.	1912.
	1914.	1913.	1912.
	1914.	1913.	1912.

OUR FOREIGN TRADE

	June.		Twelve Months.	
	1914.	1913.	1913-14.	1912-13.
Exports	\$157,119,451	\$163,404,916	\$2,531,630,107	\$2,615,261,082
Imports	157,772,972	181,245,877	1,991,034,443	1,923,470,775
Excess of exports..	*\$653,521	\$32,159,039	\$540,595,664	\$691,790,307

Exports and Imports at New York

	Exports.		Imports.	
	1914.	1913.	1914.	1913.
Week ended Aug. 8. . .	\$12,017,056	\$13,515,717	\$15,817,093	\$17,516,674
Thirty-two weeks. . .	547,281,299	599,647,623	635,268,365	600,565,874

THE CREDIT POSITION

New York Banking Position

(Both Banks and Trust Companies, Average Figures.)

	Loans.	Deposits.	Cash.	Reserve.
Last week	\$2,121,997,000	\$1,912,649,000	\$382,731,000	20.00%
Week before	2,085,155,000	1,908,946,000	386,589,000	20.25%
Same week, 1913	1,925,567,000	1,783,935,000	429,271,000	24.06%
This year's high	2,139,398,000	2,062,770,000	515,426,000	25.08%
on week ended	May 16	May 16	May 23	Jan. 24
This year's low	1,874,614,000	1,717,649,000	382,731,000	20.00%
on week ended	Jan. 3	Jan. 3	Aug. 15	Aug. 15

Condition of All National Banks

Loans and discounts, cash, and the ratio of cash to loans of all the national banks of the country at the time of the Controller's call have been (in round millions):

	June 30, 1914.	Mar. 4, 1914.	June 4, 1913.	June 14, 1912.	June 7, 1911.	June 30, 1910.	June 23, 1909.	July 15, 1908.	May 20, 1907.
Loans and discounts	\$6,430	\$6,357	\$6,143	\$5,954	\$5,611	\$5,430	\$5,036	\$4,616	\$4,631
Cash	969	968	915	945	895	821	886	849	691
P. c. of cash to loans	15.1	15.2	14.9	15.9	15.1	15.1	17.6	18.4	14.9

Specie Movement at the Port of New York

	Week Ended Aug. 15.	Thirty-three Weeks.
	Imports.	Exports.
Silver	\$127,853	\$547,827
Gold	146,926	505,600
Total	\$274,779	\$1,053,427

*Including \$386,475 reported too late to be included last week.

Cost of Money

	Last Week.	Previous Week.	Since Jan. 1		—Same Week.—	
			High.	Low.	1913.	1912.
Call loans in New York	.6 @ 8	6 @ 8	10	1½	2 @ 2½	2½ @ 3
Time loans in New York, (60-90 days)	.6 @ 8	8	8	2	3½ @ 4½	3½ @ 4
Commercial discounts:						
New York	.6 @ 7	5½ @ 6	7	3½	6	5 @ 5½
Chicago	.7½	7	7½	5	7	6 @ 6½
Philadelphia	.5½ @ 6	5½ @ 6	6½	3½	6 @ 6½	5 @ 5½
Boston	.6 @ 8	6	8	3½	6 @ 6½	5 @ 5½
St. Louis	.6 @ 8	6 @ 8	8	4½	6	6
Minneapolis	.6	6	7	6	6 @ 7	6

Exchange

Sterling exchange, nominal. Exchange on New York at domestic centres ruled thus:

	Boston.	Chicago.	St. Louis.	San Francisco.
Aug. 10	par	25c discount	50c premium	par
Aug. 11	par	35c discount	50c premium	par
Aug. 12	par	no market	50c premium	par
Aug. 13	par	35c discount	30c premium	par
Aug. 14	par	40c discount	35c premium	par
Aug. 15	par	no market	30c premium	par

The Week's Commercial Failures

	Week Ended Aug. 13, 1914.	Week Ended Aug. 14, 1913.	Week Ended Aug. 15, 1912.
	To-Over	To-Over	To-Over
East	108	31	98
South	93	20	79
West	63	29	69
Pacific	49	13	42
United States	313	93	288
Canada	45	20	33

Failures by Months

	July.	1913.	1914.	1913.	1912.
Number	1,411	1,169	9,954	9,332	9,547
Liabilities	\$20,377,148	\$20,325,705	\$205,476,878	\$153,234,966	\$124,110,683

WEEK'S PRICES OF BASIC COMMODITIES

	Current Price.	Range since Jan. 1.	Mean Price other years.
	High.	Low.	Jan. 1.
Copper: Lake, per pound .....	.12875	.15125	.12875
Cotton: Spot, middling upland, per lb. ....	.1450	.1230	.1340
Hemlock: Base price per 1,000 feet	24.50	24.50	23.75
Hides: Packer No. 1, Native, per pound .....	.205	.1750	.19
Petroleum: Crude, per bbl.	1.55	2.50	2.025
Pig iron: Bessemer, at Pitts., per ton	14.90	15.15	17.025
Rubber: Up-river, fine, per pound	1.15	.09	.905
Silk: Raw, Italian, classical, per pound	4.70	4.45	4.40
Steel billets at Pittsburgh, per ton	21.00	19.00	20.00
Wool: Ohio X, per pound .....	.29	.23	.26

Utilities

The Development of Commission Regulation

It Has Expanded Rapidly Since 1907, and There Are Now Only Two States Without Regulatory Bodies

THOUGH the idea first entered this country more than seventy years ago, regulation of public utilities by State commissions has been generally adopted only in the last few years—with a few exceptions, since 1907. It was in 1844, some fifteen years after the country's first railroad was built, that railroad commissions were organized in two New England States. A few years later—in the '50s—four other commissions were established in Eastern States; the civil war caused a suspension of activity along this line, but thereafter the commission idea spread rapidly, and in 1885 there were twenty-seven commissions supervising the railroads in about three-fourths of the then existing States, according to L. R. Nash, who has written an interesting article on the subject in the Public Service Journal.

EVOLUTION OF COMMISSIONS

While these old commissions bore little resemblance to the present public service bodies, the latter are the product of the evolution of the former. The first bodies had very limited power, and that only over the railroads, their duties mostly being confined to the collection of statistics of operation, information regarding the condition of

ready existing railroad commission. Two years later the scope of this commission was broadened to include electric companies, and, in 1888, it was given power to fix rates. Following the granting of similar powers to the Railroads Commissions of New York in 1889, and of Texas in 1893, the jurisdiction of the Massachusetts board was, in 1894, extended to include capitalization. Aside from the creation of State commissions in Virginia in 1903, and New York in 1905, and a few local bodies, there was little further extension of control over utilities until 1907, which is regarded as beginning the modern era of commission regulation. Wisconsin then established a commission and the others fell into line, one by one, until now, save only in Wyoming and Utah, all States have regulatory bodies, which with few exceptions, prescribe rates, service conditions, accounting methods, and in some cases capitalization, for all forms of private utility business, and to some extent, for municipal plants. Some of these commissions are new, while others represent a gradual expansion in scope of the older railroad commissions.

A GRADUAL CHANGE

Because of this gradual change, which is still going on, Mr. Nash found it difficult to definitely classify the State commissions as a whole, with respect to either the breadth or thoroughness of their jurisdiction. There are no two States utility laws exactly alike, and only a few approach similarity in form. It is also found that fairly broad powers conferred by some laws are not in fact fully exercised from lack of appropriations or for other reasons. An attempt was made, however, to arrange the States in four groups, as follows:

- (1) Those in which commissions have, and exercise full jurisdiction over all forms of utilities; (2) those in which jurisdiction is exercised primarily over transportation companies; (3) those in which

to security issues is also variable. A considerable number have full jurisdiction over all issues. The control of others is limited to corporations organized within the State or in other ways.

The accompanying chart shows the extent and kind of regulation to which utilities are subjected at the present time.

PUBLIC UTILITY NEWS

Byllesby Properties

On Aug. 1 the first 2,100 H. P. unit of the Coon Rapids Hydroelectric Development was placed in commercial operation, and it is now turning current into the lines of the Minneapolis General Electric Company. It is expected that the other four units will be placed in operation by Nov. 1.

Caney River Gas Company

The company reports for the fiscal year ended June 30, 1914, compared with the previous year, as follows:

	1914.	1913.
Gross earnings, less gas purchased.....	\$338,915	\$312,671
Net income	183,142	165,576
Total surplus	335,699	283,478

Cleveland, Painesville & Eastern Railroad

	1914.	1913.	Increase.
June gross.....	\$42,596	\$40,988	\$1,607
Net after taxes.....	21,135	19,257	1,877
Six months' gross.....	196,292	188,539	7,753
Net after taxes.....	88,563	81,944	6,619

Keystone Telephone

	1914.	1913.	1912.	1911.
July gross	\$111,468	\$105,988	\$101,460	\$96,106
Net after taxes.....	54,939	51,096	49,390	47,044
7 months' gross.....	767,715	731,839	698,651	677,415
Net after taxes.....	387,872	369,558	347,885	341,431

Lake Shore Electric Railway

	1914.	1913.	Decrease.
June gross	\$127,202	\$129,353	\$2,150
Net after taxes.....	59,501	53,491	2,989
Six months' gross.....	658,106	635,099	*24,406
Net after taxes.....	226,450	223,608	*2,852

Monongahela Valley Traction Company

The company has let a contract for the equipment and machinery to be installed in its new \$300,000 power house, which is to be erected at Hutchison.

Republic Railway and Light

	1914.	1913.	Increase.
June gross	\$248,874	\$248,792	\$81
Net after taxes.....	98,863	93,453	5,409
Twelve months' gross.....	3,003,847	2,844,333	249,514
Net after taxes.....	1,210,682	1,086,739	123,943

Rockland Light and Power Company

The Public Service Commission of the Second District has authorized the company to issue \$463,000 of its capital stock to purchase the Rockland Electric Company and to pay certain outstanding notes of the latter corporation, as well as to cover certain unfunded debts of its own. In addition Rockland Light and Power is authorized to acquire a controlling interest in the Rockland Electric Company of New Jersey. It is stated by the commission that these orders for the issue of the new stock, with the acquisition of the additional properties, place the companies in a stronger financial position, and will enable better service to be given in the territory served.

Valuation of Public Service Corporations in West Virginia

The total valuation of public service corporations assessed by the Board of Public Works for 1915 is \$315,000,000, against \$312,100,000 for 1914. Steam railroads are assessed at \$186,400,000, an increase of about \$35,000, and oil and gas companies at \$101,400,000, an increase of \$250,000. The remainder of the increase over last year is made up in valuations of electric light and power companies and telephone and telegraph companies. The Baltimore & Ohio Railroad property is given an assessed valuation of \$78,000,000; Chesapeake & Ohio, \$34,750,000; Norfolk & Western, \$34,500,000; Hope Natural Gas Company, \$25,000,000; Eureka Pipe Line Company, \$21,000,000; United States Fuel Gas Company, \$9,000,000; Philadelphia Company of West Virginia, \$8,500,000; Reserve Gas Company, \$6,000,000; Carnegie Natural Gas Company, \$5,000,000; Columbus Gas and Electric Company, \$3,750,000; Tri-State Gas Company, \$2,500,000; Wheeling Natural Gas Company, \$2,004,500;

The Spread of Public Utilities Regulation



the roads and their manner of operation, with special regard to the safety and accommodation of the public. Their responsibilities ended with reports to the Governor or Legislature on operating conditions and on violations of the law to the proper legal authorities. However, with the increase in the number and usefulness of these commissions, their jurisdiction was gradually increased to include allied transportation business, and later, telegraph and telephone companies. Still later, inter-urban electric railways, and in a few instances street railways came within their scope.

In 1885 a Board of Gas Commissioners was created in Massachusetts, distinct from the al-

railroads only are supervised; and (4) States having no commissions.

The first group includes twenty-five States and the District of Columbia. Two other States will probably be added to this group in the near future, Maine and Colorado having passed laws in 1913 which are awaiting referendum before becoming effective. All these commissions have regulatory powers over all the common utilities with the exception of Nevada, where street railways are not included. In a few States a "home rule" provision exists in the laws under which municipalities may elect to retain control over utilities within their borders.

Municipal plants are exempt from the jurisdiction of the State commissions in Illinois, Oklahoma, Washington, and Connecticut. In some other States, where there is no specific exemption, the extent of control is subject to interpretation of ambiguous provisions in the laws.

Most of these commissions are authorized to undertake valuations of utility properties in rate cases or for other purposes.

Indeterminate permits are granted in place of limited term franchises in Massachusetts, Wisconsin, and Indiana, in connection with rights of the municipalities to purchase. This latter right is also embodied in other State laws.

Some States have not conferred upon their commissions the power to prevent competition between private plants. Among these are Georgia, Indiana, Oklahoma, Oregon, and Vermont.

The authority of the commissions with respect

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News Digest

FORECAST AND COMMENT

James J. Hill

On the ability of the United States to market what it makes and what it grows will largely depend the effect of the European war. There will be plenty of work in this country if we can get to the market for our products. If we do not get to that market quickly conditions will be very bad. There will be a great demand for the product of our mills and factories, but what good will that do unless we get ships? Ships are what we need most just now. The South has got to find some means of disposing of the cotton crop. Otherwise she will be unable to pay her debts.

American Wool and Cotton Reporter

The lull in the wool market due to the war has been succeeded by a boom market, sales for the past week amounting to 8,600,000 pounds, the largest weekly turnover for a long period.

Iron Trade Review

The iron and steel industry continues to be marked by a period of adjustment to conform to the extraordinary conditions that have upset the commercial structure of the country.

H. P. Davison

I think the proposal to use national bank notes as part of the reserve is both unsound and unnecessary. It would open the way to inflation, and instead of bettering the situation in any way would make it just so much more difficult to conserve the country's resources in the way in which they ought to be conserved.

Dun's Review

There is much irregularity in the reports of the dry goods markets, but there are many buyers seeking supplies in spite of the disturbance caused by war, and especially the blockade in foreign trade.

Bradstreet's

War's unsettlement runs broad and deep throughout nearly all lines of American trade and industry, and commodity prices fluctuate sharply, though generally tending higher, as the difficulties attending the course of neutral imports and export trade and the obstacles to financing same continue to present themselves.

President Cartmell, of the Kelly-Springfield Tire Company

It is our opinion that the sharp advance in crude rubber is due to an unnatural condition caused by the war in Europe, and in a relatively short time the commerce of the United States will be in full swing and crude rubber will return to its normal prices.

John V. Farwell Company

The stability and adaptability of American merchants is being most strongly evidenced by the quickness and calmness with which they have conformed to changed business conditions, brought about so unexpectedly by the European war. Merchants in large numbers from all over the country are coming to market, not only to buy merchandise, but to gain accurate first-hand information in regard to pricing their stocks for immediate and future sale.

Marshall Field & Co.

Dry goods trade has been stimulated during the week by the efforts of merchants to cover their requirements for the next few weeks on imported merchandise and domestic merchandise where imported ingredients or raw materials are needed for their manufacture. Wholesalers are restricting the distribution of imported stocks of merchandise that are about to be depleted in order to divide them up as much as possible among their customers. Wholesale stocks in general are in good shape to take care of normal requirements for the immediate future.

John Moody

Financial and commercial conditions, as a whole, are improving more rapidly than could have been expected, and within another week the improvement probably will have become more general and more definite.

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GENERAL

The War

Details of the week's progress in the European war are meagre, owing to the strict censorship enforced. The situation did not change materially during the week, and news of the first decisive battle is yet to come. The entire week was spent by the Germans in getting past the outskirts around the forts at Liege, which were still holding out on Saturday. In the meantime the English and French forces have been moving to a junction with the Belgians. The German right wing has been moved in the direction of Brussels and Antwerp, but a large French force is on the way to intercept the attacking troops. The indications at the end of the week pointed to an impending battle of great importance between the allies and Germans. It is stated in official sources that engagements up to this time, excepting for the fighting around Liege, have been but skirmishes. There has been no general naval engagement. The British have issued a notice to the effect that shipping in English or neutral bottoms is safe except in the North Sea, where mines are feared. Turkey is understood to have purchased the German cruisers Goeben and Breslau, an act which has aroused Italy and Greece.

Harvester Trust Declared Illegal

The United States District Court at St. Paul, Minn., last Wednesday handed down its decision in the dissolution suit brought by the Government under the Sherman Anti-Trust act against the International Harvester Company. The decision, which was read by Circuit Judge Walter I. Smith, Judge William C. Hook concurring and Judge Walter A. Sanborn dissenting, holds that the company is a monopoly in restraint of interstate and foreign trade and orders its dissolution. Should the corporation fail to submit a dissolution plan within ninety days, or in case of appeal within ninety days of issuance of appeal mandate by the United States Supreme Court, providing for separation into at least three independent concerns, the court will entertain applications for a receiver for all properties of the corporation. The decision holds that the corporation was in violation of the Sherman law from the time of its organization, in 1902, in that it restrained competition among the constituent companies and tended to monopolize trade. It states, however, that smaller competitors have been generally treated fairly and justly. Judge Sanborn dissented wholly from the majority opinion, holding that the corporation in no wise violated the law. The case will be carried on appeal to the United States Supreme Court. After the decision was rendered President Cyrus H. McCormick and George W. Perkins, a Director, gave out interviews, in which they said that the decision, though disappointing, was a moral victory for the corporation.

Ship Registry Bill Passed

Last Tuesday the Senate passed, without a roll call, the bill providing for relaxation of the prohibitions against admission of foreign built ships to United States registry. The bill, which is designed to provide ships for our foreign commerce, crippled by European war, was amended to require that a majority interest in any foreign built ships so registered must be owned by Americans. The House had already passed the bill.

Cash Trading in Securities Resumed

The following notice was given out last Wednesday by the Special Committee of Five of the New York Stock Exchange:

Members of the Exchange desiring to buy securities for cash may send a list of same to the Committee on Clearing House, 55 New Street, giving the amount of securities wanted and the price they are willing to pay. No offers to buy at less than the closing prices of Thursday, July 30, 1914, will be considered. Members of the Exchange desiring to sell securities, but only in order to relieve the necessities of themselves or their customers, may send a list of same to the Committee on Clearing House, 55 New Street, giving the amounts of the securities for sale. No prices less than the closing prices of Thursday, July 30, 1914, will be considered.

It is expected that a moderate amount of cash trading in securities will be made under this ruling.

Standard Oil Refineries on Half Time

All employees in the refineries of the Standard Oil Company of New Jersey have been placed on half time. Between 13,000 and 15,000 men are affected by the reduction, which is ascribed to the European war.

Moon Bill Passes House

The House last week passed on a viva voce vote the Moon bill, which provides for a readjustment of railway mail pay. It is estimated that the railroads would, under the provisions of this

bill, receive about \$2,000,000 additional revenue for transporting the mails. Under the terms of the bill, all Assistant Postmasters in first and second class offices must stand examination within ninety days to retain their positions.

Federal Reserve Board Sworn In

The five members of the Federal Reserve Board were sworn in last Monday. The board consists of Charles H. Hamlin of Boston, W. P. G. Harding of Birmingham, Ala.; Paul M. Warburg of New York City, F. A. Delano of Chicago, and Adolph C. Miller of San Francisco. Secretary McAdoo and John Skelton Williams, Controller of the Currency, are ex-officio members. The board's first meeting was held in Washington on Wednesday, when various sub-committees were appointed.

British Foreign Trade

The July report of the Board of Trade of the United Kingdom shows that imports decreased in that month, as compared with July, 1913, but exports showed a substantial gain. The following table shows imports and exports for July and seven months of the current year in comparison with a year before:

	1914.	1913.
Imports	\$59,383,000	\$61,786,000
Exports	50,440,000	47,164,000
Excess of imports....	8,943,000	14,622,000
From Jan. 1 to July 31:		
Imports	\$435,294,201	\$412,199,272
Exports	304,896,635	267,299,405
Excess of imports....	130,397,566	144,899,867

New Haven Dissolution Agreement

It was announced last Tuesday that Directors of the New York, New Haven & Hartford Railroad had again reached an agreement with the Department of Justice on methods for dissolving the New Haven system. As a result, the civil action recently begun by Attorney General McReynolds was abandoned. President Hustis states that the company did not yield to the Government in the matter of the time limit for the sale of the Boston & Maine stock, which, he says, is to be two and one-half years from July 1, 1914, but subject to extension for good cause.

High Price Investigations

As a result of the great advance in the prices of foodstuffs, ascribed by dealers to the European war, investigations were started last week by the Federal Government and by State and municipal authorities in many places, to fix the responsibility for the increase if it is found that prices have been moved up artificially.

French Loan Here?

The French Government, through private channels, last week took up tentatively with Messrs. J. P. Morgan & Co. the question of floating a loan of \$100,000,000, the proceeds to be used to purchase supplies in this country. The matter was referred to the State Department for its opinion as to whether or not the flotation of such a loan would be a violation of neutrality. On Saturday Secretary Bryan gave out a statement in which he said that in the judgment of this Government loans by American bankers to any foreign nation which is at war is inconsistent with the true spirit of neutrality.

Revenue Tax Bill

Senator Simmons announced last week that a bill designed to raise \$100,000,000 by a new internal revenue tax would be framed and introduced in the House as soon as possible.

H. B. Claflin Company Reorganization Plan

It was announced last week that an agreement had been practically reached on a reorganization plan, and adoption by the Noteholders' and the General Merchandise Creditors' Committees is expected this week. Afterward the plan will be submitted to the whole body of creditors. The plan provides that 15 per cent. of \$42,000,000 in claims will be

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paid in cash, and 85 per cent. will be covered by notes running three years at 5 per cent. interest, with indorsement of John Claflin. A new company will be organized to take over the retail stores, and a second company will be formed to take over the H. B. Claflin Company. The retail and wholesale ends of the business will be administered independently. Federal Judge Lacombe denied a motion of the London Guarantee and Accident Company, Ltd., a British corporation, to intervene in behalf of twenty creditors of the company. These creditors were insured against loss by the English company.

MINES AND METALS

NEW YORK.—Further stiffening of metal prices occurred during the week, but the abrupt rise of quotations noted in the first days of the war was not duplicated. Apparently consumers of those raw materials the supply of which is practically shut off for the time being became reconciled to scant supplies and did not try to buy. Ferromanganese, one of the products particularly affected by the strife abroad, was quoted at \$128 a ton early in the week, but it could not be learned that any transactions occurred at this figure, and later the former quotation of \$125 a ton was heard. Tin continued around 65 cents a pound. Copper also stood fairly firm at its price of the preceding week of 12 1/2 cents. It was said in the trade that only small lots were moving. Black and galvanized sheets in the steel market were in slightly better demand than before, and an advance of \$1 a ton occurred.

Braden Copper Company

The output of the company in July was 1,332,000 pounds of copper, compared with 682,000 pounds in June and 1,046,000 pounds in July last year.

Butte and Superior Copper Company, Ltd.

The company reports for the quarter ended June 30, 1914, compared with the previous quarter, as follows:

	Quarters Ended		Dec.
	Mar. 31, 1914	June 30, 1914	
Net value zinc concn.	\$638,316	\$704,781	\$66,468
Net value lead concn.	161,676	161,540	*136
Other income	5,875	2,806	*2,979
Total income	805,867	929,127	63,260
Operating costs	492,882	531,974	39,092
Profits	312,984	397,153	24,558
Metal invent. and quo.	60,000		*60,000
Surplus	372,984	337,153	*35,742

*Increase.

Butte-Milwaukee

Stockholders of the Butte-Milwaukee Copper Company have authorized the Directors to dispose of the property of the company to the Butte and New York Mining Company, the purchase price being \$500,000. Holders of Butte-Milwaukee stock will receive one share of Butte and New York for each two and one-half shares of their stock. The Butte and Superior Copper Company, Ltd., already holds a controlling interest in the Butte-Milwaukee, and will secure complete control of that property under the sale just authorized.

Calumet and Arizona

Output compares as follows:

	1914.	1913.	1912.	1911.
June	4,630,000	3,215,000	4,180,000	3,656,000
July	5,940,000	3,930,000	4,748,000	4,394,000
Seven months	38,145,000	29,143,000	31,964,000	27,872,000

Chino Copper Company

Report for quarter ended June 30 last shows:

	1914.	1913.	Increase.
Production, pounds	17,032,871	11,990,822	5,042,039
Total profits	\$1,102,104	\$716,758	\$385,346
Dividends paid	652,080	329,790	22,290
Surplus	450,024	86,968	363,056

*Based on 1913-1914 copper.

Goldfield Consolidated

Estimated results for July, 1914, show 24,973 tons of

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ore mined, with net earnings of \$159,000. This compares with previous three months as follows:

	July.	June.	May.	April.
Tons ore mined	24,573	25,924	30,181	28,215
Net earnings	\$159,000	\$140,000	\$155,048	\$153,000

Hollinger

The company reports for the four weeks ended July 15 as follows: Gross profits, \$132,712; dividend requirements, \$90,000; balance, \$42,712. The company's surplus as of the above date is placed at \$901,938. The average value of ore was \$13.62 a ton. The approximate extraction was 91 per cent., and the ore treated amounted to 16,343 tons. The working cost was \$4.32 a ton.

Kerr Lake Mines Company

Owing to the uncertain conditions prevailing in the silver market, the Kerr Lake Mines Company and the Drummond Traction of Cobalt have closed down their mines. The duration of the shutdown will depend entirely upon the developments in the silver market.

Pig Iron Production

The production of all kinds of pig iron in the United States in the first half of 1914, according to statistics issued by the American Iron and Steel Institute, amounted to 12,336,004 gross tons, against 14,477,569 tons in the last half of 1913, a decrease of 1,941,565 tons, or over 13.4 per cent. In the first half of 1913 the output was 16,488,002 tons. Comparing the output in the first half of 1914 with the output in the first half of 1913 shows a decrease of 3,952,508 tons, or over 23.9 per cent.

Rand Gold Production

Production in July was 732,000 fine ounces, comparing as follows:

	1914.	1913.	1912.	1911.
January	651,000	789,000	737,000	651,000
February	626,000	734,000	703,000	610,000
March	668,000	790,000	830,000	676,000
April	684,000	734,000	737,000	667,000
May	720,000	794,000	779,000	685,000
June	717,000	747,000	753,000	684,000
July	732,000	655,000	796,000	700,000

Shattuck-Arizona Copper Company

July production compares as follows:

	Lbs. Copper.	Oz. Silver.	Oz. Gold.
June	1,226,987	24,311	260.
July	1,348,069	24,523	280.
Seven months	8,962,267	136,194	2,099.92

RAILROADS

Weekly Gross Earnings

Following are the latest week's gross earnings as reported by important railroads in comparison with the same week of the preceding year:

	Amount.	Change.
First Week in August	\$354,400	—\$64,300
Canadian Northern	711,308	+ 33,107
Chesapeake & Ohio	144,394	+ 1,622
Chicago, Indianapolis & Louisville	250,044	—30,259
Colorado & Southern	42,493	—133,573
Intercontinental of Mexico (Mex. Cur.)	158,000	
International & Great Northern	178,324	+ 2,384
Minneapolis & St. Louis	208,408	—306,370
Nat. Rys. of Mexico (Mex. Cur.)	1,302,833	— 4,478
Southern Railway	318,661	+ 8,971
Texas & Pacific	93,312	— 8,094
Toledo, St. Louis & Western		

Arkansas, Oklahoma & Western

Philadelphia holders of the 6 per cent. first mortgage bonds, interest on which was defaulted July 1, have formed a protective committee. The bonds are secured by an issue of Kansas City & Memphis Railway bonds.

Canadian Pacific

A special meeting of stockholders will be held on Oct. 7 for the purpose of authorizing an increase in the ordinary capital stock from \$200,000,000 to \$325,000,000. It is officially stated that no new issue of stock in the immediate future is contemplated, the company merely desiring to bring the authorized issue up to the amount sanctioned by the Government. President Shaughnessy recently stated that no new works of any magnitude are under consideration at present, and that therefore there is no present necessity for a further issue of capital stock.

International & Great Northern

The United States District Court at Houston, Texas, last Tuesday appointed James A. Baker and Cecil Lyon receivers for the railway on application of the Central Trust Company of New York. This action was taken at the instance of holders of \$11,000,000 of short-term notes, secured by an issue of \$13,000,000 of first refunding bonds, held by the trust company, and was taken in order to forestall any possibility of similar action in the State courts, the noteholders' committee desiring to keep the property under Federal supervision. The company operates about 1,100 miles of line in Texas.

Lehigh Valley Railroad

A staff of engineers in charge of William J. Wilgus has just completed valuation of the property of the company down to Jan. 1, 1914, and reports the going value of the railroad as not less than \$24,000,000. Allowing for depreciation, which it is contended should not be deducted where valuation is not for the purpose of a sale, the value obtained is still above \$300,000,000. The Wall Street Journal estimates that, adopting the former figure and subtracting the par of the funded debt, together with rentals capitalized at 4 per cent., the value of the stock works out at more than \$300 per share. Deducting estimated depreciation, the value per share would be about \$278.

New York Central

Affidavits were filed in the Federal District Court in New York last week by the counsel for the New York Central and Lake Shore & Michigan Southern Railroads opposing the application of minority stockholders for an injunction to restrain the merging of the two companies. An affidavit filed by Alfred H. Smith, President of both companies, read in part: "No steps have been taken and none are contemplated looking to the consolidation of the Michigan Central Railroad and the Lake Shore,

or with the New York Central, or with the proposed consolidated company." A similar action of minority stockholders in Toledo, Ohio, was dismissed last week, the court holding that the New York Central could not be sued in Ohio.

San Antonio, Uvalde & Gulf Railroad

The road was placed in the hands of a receiver last Thursday by Federal Judge Burns of San Antonio on application of a majority of the stockholders.

Our Trade With Chile

American interests fared exceptionally well in Chile during 1913, the imports from the United States amounting to \$20,090,266 against \$16,806,341 for 1912, an increase of \$3,283,925. The imports from the United Kingdom, however, decreased in value \$2,570,972, and from Germany \$3,609,890 during the same period. The outlook for American business is good if American exporters will carefully carry out instructions and can meet prices and terms of credit offered by their European competitors, according to a Daily Consular and Trade Report.

American capital continued to flow into Chile during the year, principally in developing properties already acquired. These covered nitrate works, of which there are sixteen controlled by American capital out of a total of 135; two large copper properties and one large iron ore mine, to say nothing of the smaller undertakings under way. When these properties are fully developed it will mean an investment of \$50,000,000 to \$60,000,000, and there are still others taking options on mining properties in Chile that may double the investments. It seems clear that Chile will again take rank well forward as a copper-producing country, and that American capital will do the work.

The total imports into Chile in 1913 were valued at \$120,296,510 against \$122,075,994 for 1912, of which the United States supplied nearly 17 per cent. against 10 per cent. for 1909, while the United Kingdom supplied 30 per cent. against 33 per cent. in 1909, and Germany 24 per cent. against 24 per cent. in 1909. American interests made gains in most classes, but the greatest increase was under the head of coals, oils, &c., which is principally accounted for by increased imports of fuel oil, machinery, and mineral products. There was a decrease in the imports of textiles from the United States, although it would seem that there should be a good opening for American textile goods.

There was more activity in mining circles in Chile during 1913 than for many years, and the outlook for 1914 is even better. Much development work has been done during the year. The exports of fine copper for 1913 amounted to 20,007 tons, against 18,951 tons for 1912 and 15,036 tons for 1911. American mining interests in Chile are now producing thirty tons of bar copper daily, against fifteen tons the latter part of 1912. The prospects are for a still larger output during the present year.

During 1913 American interests took options on many mining properties in the Coquimbo and other districts, covering gold, copper, and iron mines, and more extensive developments are expected during 1914. The Chilean Exploration Company (American capital) is pushing the installation of its extensive copper-mining plant at Chuquicamata, Chile, in the interior from Antofagasta, that is to have a capacity of 60,000 tons of bar copper annually. This plant is to be operated by electric power generated by steam at a plant located on the coast, about seventy-five miles from the mines. A German company has the contract to supply the electrical machinery.

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Attacking Defects in Compensation Laws

Some Suggestions for the Solution of Malingering and Other Problems of Compensation Insurance Acts

PROBABLY it would be as unreasonable to expect perfection in compensation laws as to expect perfection in human nature; and the former would also presuppose an entire lack of ingenuity among work-people. Among the many other defects that are generally to be found in these laws is that they have failed to prevent malingering. The temptation of easy money is often too great to be resisted, and, therefore, so long as the laws are lax in their provisions against it, a certain amount of fraud and malingering is to be expected. That has been proved to be true by experience in all countries that have had such laws in operation long enough to demonstrate their workings.

The frauds practiced in individual cases more often than not involve only small sums, but there are so many that the aggregate loss of employers makes a huge total; and occasionally an individual succeeds in mulcting his employer of a very considerable sum. Naturally when a fraud is successfully perpetrated, the psychological effect is bad; it tends to lower the standard of morals in an establishment, because, tempted by the success of a fellow-worker, others also try to get something for nothing.

PREVALENCE OF MALINGERING

Touching on this point, the first annual report of the Industrial Accident Board of Massachusetts says that in Europe it is alleged with substantial proof that workmen's compensation acts have been followed by successful attempts at malingering, it being more difficult year by year to get injured workmen cured of their injuries. Another phase of the matter is the growth of new forms of nervous diseases, arising out of workmen's compensation acts. This began to attract attention in Germany as long as twenty years ago. Also:

European doctors are accused of using irregularly the workmen's compensation acts as a form of revenue; some of the workmen are accused of exploiting their accidents—a process so human and easy to understand that it is a proceeding quite normal and psychical. It does not follow that all these cases of simulation are wholly fraudulent, because there is nearly always ground for making the original claim. German literature on this subject gives the case of a man who hoodwinked the insurance authorities in Berlin for the payment of 50 per cent. of his average weekly wages for a disability arising out of industry, and who was accidentally discovered to be following the profession of an acrobat in Alsace. Another case has been quoted where a man drawing disability payment for an injured elbow, at the same time, under another name, was earning a living as a pugilist.

The astonishing rate at which this exaggeration of injury can spread is shown by the results of an investigation conducted in 1906 by the Westphalian Agricultural Association. It caused 1,307 of its pensioners to undergo a strict examination, with the result that 272 pensions were reduced and 388 altogether stopped—81 of these being life pensions—because of the recipients having been completely cured. Another investigation resulted in 146 out of 877 pensions being stopped, and the Hessen-Nassau Agricultural Association, after an

examination of 10,458 pensioners in 1907, increased the pensions of 17, reduced 2,092, and stopped altogether 2,044.

RESORT OF INCOMPETENTS

The Massachusetts Board says that these cases are not as yet being manifested to any great extent in that State, but that there are already indications that before long they will become sufficiently numerous to become a problem. Such cases, it says, involve aliens of a certain type, temperamentally nervous; alcoholics, whose vital energy and stamina have become undermined; the sub-normal, neurotics, and those suffering from various forms of nervous diseases. The lazy and incompetent, the failures in industry, may prefer, after injury, to receive one-half their average weekly wage for an indefinite period rather than try to get work at their old or in any occupation. Says the board:

The object of the act is to return people to industry; one of the effects of the act is that people refuse to go to work while they are in pain. Before the act went into effect the uninsured workman with a broken leg, whose muscles became contracted and partially atrophied because of the fracture, was forced by necessity to go to work, and did go to work. Every day he found that the pain was less and less, and it soon disappeared. The injured employee receiving half or more of his average weekly wage under a compensation act, and who for any reason is not ambitious, may, and sometimes does, refuse to go to work while there is any pain in the injured part. The longer such injured employees stay away from work the harder it is for them ever to go to work; and unless prompt and stringent means are taken to force them back into employment it is not long until the atrophy becomes permanent, and the injured employee becomes a charge on the law up to full period of total disability, and subsequently on private or public charity.

A REMEDY

The board says that some workmen, who are the victims of bad advice or afraid of pain, refuse medical or surgical attendance offered by the insurance companies, and which is necessary to put them in condition for work. It proposes to remedy this defect by inserting this clause, taken from the Illinois act, into the Massachusetts law:

If any employee shall persist in unsanitary or injurious practices which tend to either imperil or retard his recovery, or shall refuse to submit to such medical or surgical treatment as is reasonably essential to promote his recovery, the board may, in its discretion, reduce or suspend the compensation of any such injured employee.

The Massachusetts Board thinks that the principal danger of malingering is not in the cost of insurance to employers nor in the loss to insurance companies, but rather in the effect upon the character of the working people, and it advances the following as a solution of the problem of preventing the growth of such practices:

First—The establishment of a definite medical policy regarding injuries, so that, as far as possible and human, all injuries shall be judged on a uniform basis. Every time the board is outwitted by a malingeringer the precedent is important. The board needs a medical adviser whose duty it will be to pass on the medical problems which rise out of industrial injuries. A competent medical adviser will assist the board in fairly and uniformly administering the law, and, while benefiting the employee whose injury is genuine and disability honest, will prevent the malingeringer from getting benefits which are not deserved.

Second—To give the Industrial Accident Board authority to hire or establish one or more wards in hospitals, located to serve the industrial centres of the Commonwealth, where doubtful cases of disability may be sent, at the discretion of the board, for ob-

servation and study, the cost to be assessed pro rata on the insurance companies.

Another effect of the act in Massachusetts was seen almost immediately in the throwing of aged and infirm employees out of work in order to reduce insurance costs:

One company in Massachusetts, after a physical examination, discharged twenty-two employees, who were either aged or under par physically, within a few weeks after the act went into effect. For instance, employees found with varicose veins, hardened arteries, and advanced in years, if injured, would not be likely to respond to treatment, and a trifling injury might result in payment for total disability under the act. Epileptics and others who, by reason of their infirmity, would be likely to be injured in their occupations, when discovered, find employment more difficult and in some cases impossible.

The board says that the State, which has thrown these employees out of work, will eventually be asked to make provision for them, although there is great danger in acts providing for non-employment and superannuated insurance.

It will be interesting to watch the working out of these reforms in Massachusetts. Everywhere the same problems are being met, and if success attends the efforts of the Industrial Accident Board in that State, their solutions of the various problems presented will no doubt be adopted throughout the country.

THE NEW COTTON YEAR

July to Be Made the Last Month for Count of Commercial Crop

More intense cultivation of cotton and knowledge gained by experiment that the crop could be planted earlier than it used to be has brought a change of the "commercial" cotton year. The New York and New Orleans Cotton Exchanges have decided to alter the year commencing with the 1914-1915 season so as to embrace the twelve months from August to July, inclusive, instead of September to August, inclusive. The figures of the commercial crop for the present season will be compiled, however, so as to cover the period ended with August as heretofore.

The change has been made to obviate the necessity of including each year in the commercial crop large quantities of new cotton which consisted of growth of the succeeding crop. In the old days of cotton production little was picked in August, and it was practicable to consider this month as the last month of the commercial period. Now the August output has grown to such dimensions that, to prevent confusion of records, it was deemed advisable to make July, instead of August, the last month of the commercial year.

This table gives the total yield of the last four years, with the proportion of August cotton included:

Commercial Year.	Total Crop. (Bales.)	August Output. (Bales.)	P. C. of August Output.
1910	10,513,122	133,240	1.27
1911	12,074,938	307,163	2.54
1912	16,100,874	218,700	1.35
1913	14,103,757	258,369	1.83

The plague of boll weevil influenced the grower to get his plants into the ground as soon as the danger of frost was removed. The increased use of artificial fertilizer has contributed to the same result. This quickened the maturity of the cotton and brought into August a considerable amount of the staple which formerly was picked in September.

Dividends Declared and Awaiting Payment

STEAM RAILROADS.

Company.	Rate.	Pay- able.	Books Close.
Ala. Gt. So. pf.3	Q	Aug. 27	July 18
A. T. & S. F. 1½	Q	Sept. 1	July 31
Balt. & Ohio 3	S	Sept. 1	Aug. 1
Balt. & Ohio pf.2	S	Sept. 1	Aug. 1
Bos. & Albany 2	Q	Sept. 30	Aug. 31
Can. Pacific pf.2½	Q	Oct. 1	Aug. 21
Can. Pacific pf.2	S	Oct. 1	Aug. 21
Cin. N. O. & T.	Q	Sept. 1	Aug. 22
Pac. pf. 1½	Q	Sept. 1	Aug. 22
C. M. & St. P. 2½	S	Sept. 1	Aug. 12
C. M. & St. P. pf.3½	S	Sept. 1	Aug. 12
Cleve. & Pitts. 1½	Q	Sept. 1	Aug. 10
C. & P. sp. gtd.1	Q	Sept. 1	Aug. 10
C. St. P. M. & O. com. & pf.3½	S	Aug. 20	Aug. 1
Crip. Creek Cen.	Q	Sept. 1	Aug. 15
Ill. M. & St. P. S. S.	S	Sept. 1	Aug. 10
M. com. & pf.3½	Q	Oct. 15	Sept. 21
Norfolk & W. pf.1½	Q	Sept. 19	Aug. 31
Norfolk & W. pf.1	Q	Sept. 19	July 31
Nor. Penna. 2	Q	Aug. 25	Aug. 12
Nor. Central 10	—	Aug. 24	Aug. 12
Northern Cent. (payable on the 40% inc. stock) 28	—	Aug. 24	Aug. 3
Penn. R. R. 1½	Q	Aug. 31	Aug. 1
Pitts. V. & A. 1½	Q	Sept. 1	Aug. 20
P. Y. & A. pf. 1½	Q	Sept. 1	Aug. 20
Reading 1st pf.1	Q	Sept. 10	Aug. 25

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Efficiency Engineers,
Waynesboro, Pa. 42 Broadway, New York.
Telephone Broad 1254.

STREET RAILWAYS.

Company.	Rate.	Pay- able.	Books Close.
So. Pacific 1½	Q	Oct. 1	Sept. 1
Union Pacific 1½	Q	Oct. 1	Sept. 1
Union Pac. pf.2	S	Oct. 1	Sept. 1
Br. Tr. L. & P. 1½	Q	Aug. 20	July 31
Cent. Ark. Ry.	Q	Sept. 1	Aug. 15
& L. pf. 1½	Q	Sept. 1	Aug. 15
Detroit United 1½	Q	Sept. 1	Aug. 15
Philadel. Co. 5%	S	Sept. 1	Aug. 10
non-cum. pf. 2½	Q	Sept. 1	Aug. 23
Roch. R. & L. pf.1½	Q	Sept. 1	Aug. 23
Wash. (D.C.) R.	Q	Sept. 1	Aug. 15
& El. 1½	Q	Sept. 1	Aug. 15
Wash. (D.C.) R.	Q	Sept. 1	Aug. 15
& El. pf. 1½	Q	Sept. 1	Aug. 15
INDUSTRIAL & MISCELLANEOUS.			
Adams Expr. \$1.50	Q	Sept. 1	Aug. 17
Amal. Copper 1½	Q	Aug. 31	July 25
Am. Chicel 1	M	Aug. 20	Aug. 15
Am. Coal 3	—	Sept. 1	Aug. 31
Am. Radiator 2½	Q	Sept. 30	Sept. 21
Am. Sm. & R. 1	Q	Sept. 15	Aug. 28
A. S. & R. pf. 1½	Q	Sept. 1	Aug. 14
Am. Sugar Ref. 1½	Q	Oct. 2	Sept. 1
Am. S. Ref. pf.1½	Q	Oct. 2	Sept. 1
Am. Tobacco 5	S	Sept. 1	Aug. 15
Bl. V. G. & E. 2	Q	Sept. 1	Aug. 15
Buckeye F. L. \$3	Q	Sept. 15	Aug. 25
Butterick Co. 3	Q	Sept. 1	Aug. 17
C. & S. Br. pf.1	Q	Sept. 15	Aug. 17
Cen. Miss. Val.	Q	Sept. 1	Aug. 15
El. P. pf. \$1.50	Q	Sept. 1	Aug. 15
Cen. States El. 1	Q	Aug. 10	Aug. 11
Cit. Serv. com. and pf. 1½	M	Sept. 1	Aug. 15
Clev. & Sandusky Brew'g pf.1	Q	Sept. 15	Aug. 15
Col. G. & Fuel 1	Q	Sept. 15	Aug. 15
Consol. Gas. 1½	Q	Sept. 15	Aug. 12
Consum. Co. pf.3½	—	Aug. 20	Aug. 10
Crecent P. L. \$1	Q	Sept. 15	Aug. 20
Deere & Co. pf.1½	Q	Sept. 1	Aug. 15

INDUSTRIAL & MISCELLANEOUS.

Company.	Rate.	Pay- able.	Books Close.
Diamond Match 1½	Q	Sept. 15	Aug. 31
Dom. Tex. L. 1½	Q	Sept. 15	Aug. 31
E. Steel 1st pf. 1½	Q	Sept. 15	Aug. 31
Eastman Kdk. 2½	Q	Oct. 1	Aug. 31
Eastman Kdk. 5	Ex	Sept. 1	Aug. 31
Eastman Kdk. 2½	Ex	Oct. 1	Aug. 31
East. Kdk. pf. 1½	Q	Oct. 1	Aug. 31
Gen. Asphalt pf.1½	Q	Sept. 1	Aug. 15
Gen. Chemical 1½	Q	Sept. 1	Aug. 20
Gen. Electric 2	Q	Oct. 15	Aug. 20
Goodrich (B. F.)	Q	Oct. 1	Sept. 18
Co. pf. 1½	Q	Oct. 1	Sept. 18
Home Mining 60c	M	Aug. 25	Aug. 20
Ind. Br. Co. pf.1½	Q	Aug. 31	Aug. 19
Inland Steel 25	Ex	Sept. 1	Aug. 10
Inland Steel 25	Ex	Sept. 1	Aug. 10
I. H. of N. J. pf.1½	Q	Sept. 1	Aug. 10
I. Har. Cor. pf.1½	Q	Sept. 1	Aug. 10
Internat. Nickel 2½	Q	Sept. 1	Aug. 14
K. C. E. L. & P. 2	Q	Sept. 1	Aug. 21
Lack. Steel pf.1½	Q	Sept. 1	Aug. 31
Leh. Coal & Nav. \$1	Q	Aug. 31	Aug. 31
Lig. & M. Tob. 3	Q	Sept. 1	Aug. 15
May Dept. St. 1½	Q	Sept. 1	Aug. 15
Merg. Linot 2½	Q	Sept. 30	Sept. 5
Merg. Lino. 1½	Ex	Sept. 30	Sept. 5
Middle W. U. pf.1½	Q	Sept. 1	Aug. 15
Nat. Biscuit 1½	Q	Oct. 15	Sept. 28
Nat. Biscuit pf.1½	Q	Aug. 31	Aug. 17
Nat. C. & S. pf.1½	Q	Sept. 1	Aug. 20
Nat. Lead 1½	Q	Sept. 30	Sept. 11
Nat. Lead pf. 1½	Q	Sept. 15	Aug. 21
North Amer. 1½	Q	Oct. 1	Sept. 15
Ohio Cities Gas 1½	Q	Sept. 1	Aug. 15
Phila. Elec. 39c	Q	Sept. 15	Aug. 20
Peop. G. L. & C. 2	Q	Aug. 25	Aug. 1
Pitts. Brew. 1	Q	Aug. 29	Aug. 19
Pitts. Brew. pf.1½	Q	Aug. 29	Aug. 19
P. R. A. T. pf.5	Q	Sept. 3	Aug. 15
Pr. Steel Car. 1	Q	Sept. 9	Aug. 19
Pr. St. Car. pf.1½	Q	Aug. 19	Aug. 29
Quaker Oats 2½	Q	Oct. 15	Oct. 1

INDUSTRIAL & MISCELLANEOUS.

Company.	Rate.	Pay- able.	Books Close.
Quaker Oats pf.1½	Q	Nov. 30	Nov. 2
Quaker Oats pf.1½	Q	Aug. 31	Aug. 1
Sheffield Farm 1	Q	Sept. 1	Aug. 17
Slawson-D. pf.1½	Q	Sept. 1	Aug. 22
So. Pipe Line 8	Q	Sept. 1	Aug. 17
S. W. P. & L. pf.1½	Q	Sept. 1	Aug. 25
St. Oil (Ind.) 3	Q	Aug. 31	Aug. 10
St. Oil (Ind.) 3	Ex	Aug. 31	Aug. 16
Studeb. Cor. pf.1½	Q	Sept. 1	Aug. 20
Un. Oil of Cal. 2	—	Aug. 25	July 31
St. Oil N. Y. 2	Q	Sept. 15	Aug. 28
Swift & Co. 1½	Q	Oct. 1	Sept. 10
Union Prov. Co. 82	—	Aug. 25	July 31
United Petrol. 32	—	Aug. 25	July 31
Un. Clg. Mfrs. pf.1½	Q	Sept. 1	Aug. 25
U. Cigar St. pf.1½	Q	Sept. 15	Aug. 31
U. S. Envelope 3½	—	Sept. 1	Aug. 15
U. S. Env. pf. 3½	—	Sept. 1	Aug. 15
U. S. Gypsum pf.1½	Q	Sept. 30	Sept. 15
U. S. Steel 1½	Q	Sept. 20	Sept. 1
U. S. Steel pf.1½	Q	Aug. 29	Aug. 3
White (J. G.)	Q	Sept. 1	Aug. 30
Eng. pf. 1½	Q	Sept. 1	Aug. 30
White (J. G.)	Q	Sept. 1	Aug. 18
Mfg. pf. 1½	Q	Sept. 1	Aug. 18
Woolworth (F.)	Q	Sept. 1	Aug. 10
W. Co. 1½	Q	Sept. 1	Aug. 10
Woolh. Copt. 1½	Q	Oct. 1	Sept. 10

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Crops

Co-operative Grain Elevator a Success

Established in Saskatchewan Several Years Ago, It Now Has Many Branches and Handles Millions of Bushels Each Year

SEVERAL years ago the organized farmers of the Province of Saskatchewan, Canada, claiming that they were unfairly treated by the corporate interests which partially controlled the grain trade, presented a petition to the Legislature requesting the creation of a co-operative elevator association. In response to that request the Saskatchewan Co-operative Elevator Company was incorporated in March, 1911. Its purpose was to establish a company of farmers of sufficient financial strength to compete with other corporate interests, and in that way raise the standard of business dealings in the community. In an article in the June Bulletin of the International Institute of Agriculture, T. K. Doherty tells of its workings, and the success with which it has met.

Under its charter the company may "construct, acquire, maintain, and operate grain elevators within Saskatchewan, buy and sell grain, and generally do all things incidental to the production, storing, and marketing of grain." Because the Government loans the company a large part of its capital, it has retained control of the amount of stock that may be issued, which is not fixed, and may be changed by the Government from time to time. The stock is divided into shares of \$50 each, the holdings of any individual being limited to twenty shares, and only farmers are permitted to hold the stock. If they so desire, shareholders may pay down 15 per cent. of the face value of their shares and allow 85 per cent. to remain subject to call; liability is limited to the amount of stock held.

THE OBJECT

The object of the company was to establish local elevators at different points, each under the control of a Local Board of Management. The central management is in the hands of nine Directors elected at the general meetings. Wide powers have been given the board, because of the obviously great advantage such a body has over a number of scattered units, in the matters of selling grain, employing managers, inspecting elevators, purchasing supplies, financing, &c.

Stockholders may request the purchase or construction of an elevator at a shipping point, but it must appear to the satisfaction of the Directors that "the amount of shares held by the supporters of the proposed local elevator is at least equal to the value of the proposed elevator, that 15 per cent. of the amount of such shares has been paid up, and that the aggregate annual crop acreage of said shareholders represents a proportion of not less than 2,000 acres for each 10,000 bushels of elevator capacity asked for." In this way the support of a sufficient number of local grain-growing farmers to insure the success of each individual project is assured.

The Government loans the company not more than 85 per cent. of the cost of each elevator, to be repaid in twenty annual installments.

Profits are utilized in several ways. If, after paying out of its surplus a dividend of 10 per cent., there remains a balance, it may be distributed proportionately among shareholders, based upon the amount of business each has developed for the company, or it may be divided among the local enterprises, &c.

SUCCESSFUL OPERATIONS

Almost from the beginning the company met with success in its work. In the year ended July 31, 1913, 137 elevators were operated. There were handled by these elevators 12,899,030 bushels of grain, 4,384,635 bushels of which were purchased by the company and 8,514,395 bushels specially binned for farmers. The commission department

of the company at Winnipeg handled 8,515,037 bushels of grain on commission, and also sold for the elevator department 4,246,649 bushels of the company's purchased grain. The profits for the year amounted to \$167,926.86.

The authorized share capital was \$2,000,000, of which \$1,514,350 was subscribed and \$227,152.50 paid up.

A successful future seems to be assured for the company. In November, 1913, the number of local elevators had increased to 192, comprising 13,156 shareholders holding a total of 36,362 shares. Sixty-three persons are employed at the head office, twenty-two at the Winnipeg office, and 310 men in the operating department. In addition 145 men were employed in the construction department.

The growth since then has been as rapid as it was before. In a recent speech, the manager of the company said that there are now 16,000 farmer-shareholders and over two hundred elevators.

Looking forward to the future development of the company as a factor in the grain marketing situation, the necessity of some action by the company in regard to the carrying of the grain of its patrons further than to the head of the Great Lakes is being considered by the Directors. A close study of the financial and other problems connected with carrying the grain grown by Saskatchewan farmers right through to the consumer is now being conducted, and there is every reason to believe, providing financial arrangements can be made, that the company may be able to effect an improvement in the prices realized by the producer by extending the area of its operations right through to Europe.

The Chicago Grain Markets

Quotations on the Chicago market last week were as follows:

CHICAGO WHEAT					
	Sept.	Oct.	Nov.	Dec.	May
	High.	Low.	High.	Low.	High.
Aug. 10.....	.98 1/2	.94	1.03 1/2	.99	1.11 1/2
Aug. 11.....	.98 1/2	.93 1/2	1.01 1/2	.99 1/2	1.09 1/2
Aug. 12.....	.93	.92	1.00 1/2	.98 1/2	1.07 1/2
Aug. 13.....	.93 1/2	.92	.99 1/2	.97 1/2	1.05 1/2
Aug. 14.....	.92 1/2	.90 1/2	.98 1/2	.96 1/2	1.03 1/2
Aug. 15.....	.90 1/2	.88	.95 1/2	.93 1/2	1.00 1/2
Week's range.....	.94 1/2	.88	1.03 1/2	.93 1/2	1.11 1/2

CORN					
	Sept.	Oct.	Nov.	Dec.	May
	High.	Low.	High.	Low.	High.
Aug. 10.....	.70 1/2	.75 1/2	.71 1/2	.69 1/2	.74 1/2
Aug. 11.....	.70 1/2	.75 1/2	.69 1/2	.68 1/2	.71 1/2
Aug. 12.....	.69 1/2	.75 1/2	.70 1/2	.69 1/2	.72 1/2
Aug. 13.....	.80	.78 1/2	.70 1/2	.69 1/2	.72 1/2
Aug. 14.....	.79 1/2	.77 1/2	.69 1/2	.68	.70 1/2
Aug. 15.....	.77 1/2	.75 1/2	.67 1/2	.66 1/2	.69 1/2
Week's range.....	.79 1/2	.75 1/2	.71 1/2	.66 1/2	.74 1/2

OATS					
	Sept.	Oct.	Nov.	Dec.	May
	High.	Low.	High.	Low.	High.
Aug. 10.....	.42 1/2	.40 1/2	.43 1/2	.43 1/2	.45 1/2
Aug. 11.....	.41 1/2	.40 1/2	.45	.43 1/2	.46 1/2
Aug. 12.....	.42 1/2	.41	.45 1/2	.44 1/2	.47 1/2
Aug. 13.....	.42 1/2	.41 1/2	.45 1/2	.44 1/2	.47 1/2
Aug. 14.....	.42	.41 1/2	.45 1/2	.44 1/2	.47 1/2
Aug. 15.....	.41 1/2	.40 1/2	.44 1/2	.43 1/2	.46 1/2

REPORTS AND OPINIONS

Price Current

There has been a material deterioration in the corn crop during the last two weeks on account of lack of rain and extremely hot weather, particularly throughout the southern portions of the corn belt, and in the cotton States. We give below our estimate of the total production of the surplus corn-producing States; also the Government estimate published Aug. 1, and the Government final estimate of 1913, as follows:

	Our Est. Aug. 10. Bushels.	Gov. Est. Aug. 1. Bushels.	Gov. Final 1913. Bushels.
Ohio	141,414,000	137,000,000	146,250,000
Indiana	136,007,000	149,200,000	170,400,000
Illinois	284,515,000	280,200,000	282,150,000
Missouri	179,977,000	181,900,000	129,062,000
Iowa	372,002,000	396,300,000	338,300,000
Nebraska	202,020,000	195,700,000	114,150,000
Kansas	114,002,000	123,500,000	23,424,000
Oklahoma	70,110,000	50,300,000	82,250,000
Total	1,509,737,000	1,533,700,000	1,281,968,000

The present crop promise is 238,750,000 bushels over last year's yield in the above States. The percentage of thrashing of small grain that is now done is reported as follows: Ohio, 51; Indiana, 85; Illinois, 79; Missouri, 65; Iowa, 46; Minnesota, 12; South Dakota, 7; Nebraska, 38; Kansas, 41; Oklahoma, 66.

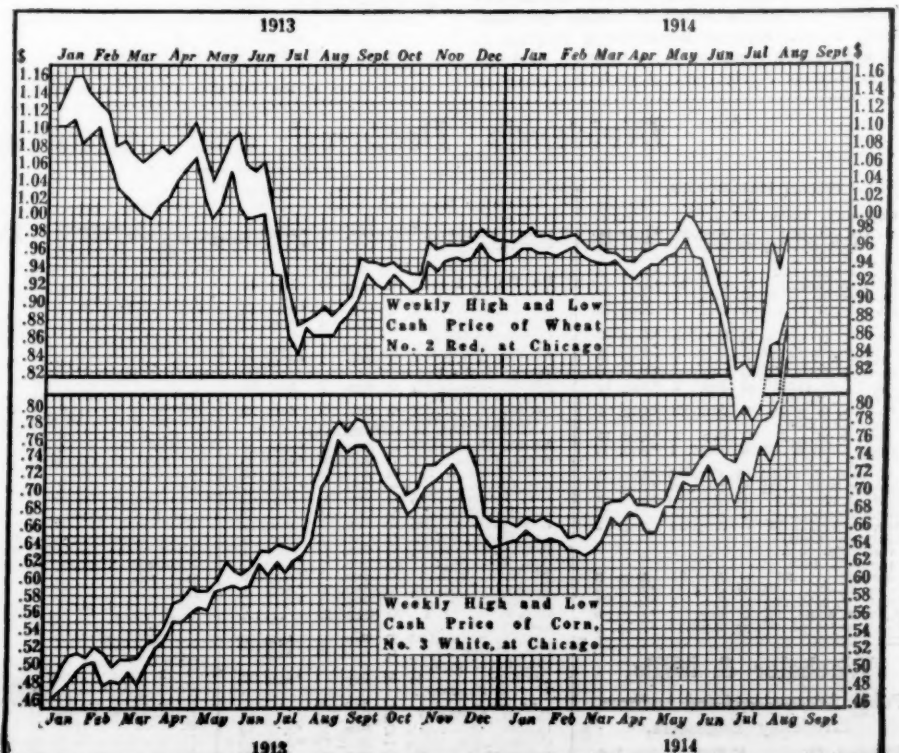
Iowa Weekly Report

Dr. George M. Chapel, of the Iowa Crop Bureau, reports on conditions for the week ended Aug. 8, as follows: "The week was hot and generally dry, the average daily excess of temperature being about three degrees, and the rainfall was much below normal. There were, however, many local showers which afforded slight relief from the severe drought and intense heat. Corn in northern part of the State is holding its own remarkably well, and gives promise of a large yield and early maturity. In some fields corn is beginning to dent. In the southern counties corn is steadily retrograding and the crop is being cut 2,000,000 to 4,000,000 bushels a week. The scarcity of water is becoming serious. The drought is also severe on pastures, potatoes, gardens, and fruit, and is preventing any Fall plowing being done. Thrashing continues under favorable conditions, and is well advanced. Following is a summary showing average condition of crops on Aug. 1 as compared with the average of past years on that date, except fruit, which is compared with last year's crop as shown by assessors: Corn, 97 per cent.; pastures, 84 per cent.; potatoes, 80 per cent.; flax, 91 per cent.; apples, 25 per cent.; plums, 52 per cent., and grapes 87 per cent."

Alberta Grain Crop Larger

Estimates of the Provincial Department of Agriculture indicate that the grain crop in Alberta this season will be larger than that of 1913, though in several districts reports indicate a smaller yield. Area under cultivation this year is given as 3,119,830 acres, an increase over 1913 of 320,563 acres.

The Trend of Grain Prices



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